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**Understanding People  
Management in Small and  
Medium Enterprises: An  
Entrepreneurial Learning  
Perspective**

**C. DAHWA**

**PhD 2019**

**Understanding People Management in Small and Medium  
Enterprises: An Entrepreneurial  
Learning Perspective**

**CHARLES DAHWA**

**A thesis submitted in partial fulfilment of the requirements of  
Manchester Metropolitan University  
for the degree of Doctor of Philosophy**

**Department of People and Performance  
Manchester Metropolitan University**

**2019**

## **ABSTRACT**

This thesis unravels how owner managers of small and medium enterprises (SMEs) draw on their entrepreneurial learning to acquire and generate knowledge to manage people. Despite increasing scholarly inquiries, we still do not know much about how SME owner managers approach people issues. Further, while evidence suggest entrepreneurs acquire knowledge via entrepreneurial learning, the possibility of people management in SMEs being underpinned by entrepreneurial learning has not been explored. Given in the UK, 99% of private sector firms are SMEs and the association between effective human capital management and productivity, then comprehensive knowledge about how SMEs manage people becomes crucial, for it improves policy and private sector SME interventions, ultimately increasing chances to spur economic performance.

Underpinned by the interpretivist social constructionist epistemology, the study used an adapted cconstructivism grounded theory strategy and explored people management lived experiences of 30 SME owner managers and makes several contributions to knowledge. Through developing an original and innovative Entrepreneurial Learning-End Goal Theory, the thesis provides fresh evidence about how SME owner managers draw on their entrepreneurial learning to acquire, generate and utilize knowledge to manage people. By identifying seven novel people management typologies, the thesis deepens our understanding about the contextualized and nuanced multiple realities of people management in SMEs. Further, we now know much better how SME owner managers' motivations, values, life histories and especially end-goals are key drivers for the forming, fostering, and transitioning of people management views and approaches in SMEs. The thesis also offers new insights into how SME owner managers vacillates from an informal to a formal people management approach as well as clarifying how and why SME owner managers often struggle with people issues. Finally, the thesis reinforces the importance of focusing on SME owner managers to enhance our understanding about people management in SMEs.

## **DECLARATION**

This thesis is submitted in fulfilment of the requirements of the Manchester Metropolitan University for the degree Doctor of Philosophy. No portion of the work referred to in this thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institution of learning.

## **ACKNOWLEDGEMENTS**

To my lovely wife, Lettie: Thank you so much for your unceasing love, faith, support and encouragement. To our kids, Avie, Sihle and Mandhle: Your patience and sacrificial understanding is second to none. Certainly, I would not have accomplished this PhD without the four of you: love you guys!!!

I am extremely grateful to all the thirty SME owner manager entrepreneurs who allowed me to learn from their lived experiences about doing business and people management. Indeed, my PhD could not have been without their life stories.

My profound gratitude goes to my supervisors Professor Ben Lupton and Dr Valerie Antcliff. You coached me extremely well, understood my challenges and were my ever-present help and pillar of strength, courage and belief right to the end.

To Dr Anastasia Kynghnoue, thank you for joining my supervisory team in the twilight examination stage and for teaming with Professor Lupton in organizing a very effective PhD mock VIVA for me.

To Professor Tony Hines, Professor Cathy Urquhart, Dr Andrew Rowe and Dr Qi Cao thank you for inducting me in scientific inquiry and for being there each time I needed further help.

I am also very much indebted to Sophia Nkhata Gitonga, my Kenyan housemate who gave up her crucial study time, roleplayed as a PhD examiner and took me through two PhD mock VIVAs. Your questions really prepared me. Thank you, Sophie!!!

Finally, unto the Lord Jesus Christ, I am grateful for the abundant love, grace and mercy. Indeed, Ebenezer: Thus far hitherto the Lord has helped and taken me (I Samuel 7:12). I will forever rejoice and declare that truly this is the Lord's doing and it is marvellous in my sight (Psalms 118:23). Amen and Amen!!!

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## **List of Abbreviations**

ACAS:	Advisory, Conciliation and Arbitration Service
ADB:	African Development Bank
APEC:	Asia Pacific Economic Cooperation
BIS:	Department of Business Innovation and Skills
CIPD:	Chartered Institute of Personnel and Development
DFID:	Department for International Trade
DFR:	Do it yourself first, For as long as you can, Recruit when only critical.
DBEIS:	Department for Business Energy and Industrial Strategy
ERC:	Enterprise Research Centre
FSB:	Federation of Small Businesses
GDP:	Gross Domestic Product
GIVMo Matrix:	Goals, Intentions, Values and Motivation Matrix
GMCC:	Greater Manchester Chamber of Commerce
GMCA:	Greater Manchester Combined Authority
GMLEP:	Greater Manchester Local Enterprise Partnership
GNI:	Gross National Income
GVA:	Gross Value Added
HRM:	Human Resources Management
IPD:	Institute of Personnel and Development
MCC:	Manchester City Council
OECD:	Organization for Economic Cooperation and Development
ONS:	Office for National Statistics, Government of United Kingdom
SBA:	Small Business Administration
SME:	Small And Medium Enterprises
UK:	United Kingdom
UKCES:	United Kingdom Commission for Employment and Skills.
USA:	United States of America
WEF:	World Economic Forum
WTO:	World Trade Organization

# CHAPTER 1

## INTRODUCTION

My thesis concerns how owner managers of small and medium enterprises (SMEs) engage in entrepreneurial learning to acquire and generate knowledge to manage people. Specifically, I argue that the current relative dearth of contextual, idiographic knowledge (Mayson and Barrett, 2017; Marlow et al., 2010) about how SME owner managers approach people management will dissipate much more when we make the SME owner manager central to our scholarship. By doing so, we gain new and deeper insight into how, through leveraging on entrepreneurial learning, SME owner managers envisage managing people, how they foster, enact and ultimately adapt their approaches to managing people.

I was motivated to explore this issue out of the realization that although SMEs are the most prevalent firms in our societies, taking a leading role in providing employment and enhancing sustainable economic development, we do not have clarity regarding how and why they manage people in the manner that they do. This knowledge is crucial if we are to make robust interventions in the SME sector to further buttress their economic contribution. As such I interviewed 29 SME owner managers and one Minister of Religion to get first-hand knowledge about people management in SMEs. With this, I welcome you to embark on my PhD journey, which was very challenging albeit exciting and very fruitful.

### **1.0 Background And Rationale For The Study**

There is an increasing scholarly interest in seeking to understand people management in SMEs especially during the past decade. Whereas extant knowledge mostly uses the term human resources management (HRM) (Atkinson et al, 2016; Georgiadis and Pitelis, 2012) I use the terms people management and managing people, which my participant SME owner managers interchangeably use. However, whenever I make specific reference to extant knowledge and or unveil the perspective of the mainline HRM discourse, I shall use the term HRM. Discussion of these terminologies and justification for my usage of the term 'people management' is in the next chapter and

crucial in this section is to outline the rationale for my study. In this regard, several issues motivate this research, namely:

- Scholarly circumvention of SMEs from mainline HRM research.
- The notion that SME owner managers 'struggle' to manage people.
- The appeared role of entrepreneurial learning in people management.
- The dearth of idiographic knowledge about people management.
- The discourse and unresolved issue about the informality-formality people management blend.
- The role of pluralist versus unitarist management ideology.
- The economic importance of SMEs.
- Disconnection between SMEs versus academia, policy and practice in respect of doing business and approaching people issues.

I shall address these issues in turn.

Firstly, it is on record that historically, academia has largely circumvented SMEs in their mainline HRM research, as scholars mostly preferred to port their studies in large enterprises, (Lai et al., 2017; Jaouen and Lasch, 2015; Basco, 2014; Georgiadis and Pitelis, 2012; Tocher and Rutherford, 2009; Duberley and Walley, 1995; Milbourn, 1980; McMurphy, 1973). This has caused a lag in our knowledge about people management in SMEs, hence, suggestions to apply same HRM practices prevailing in large enterprises to SMEs and yet SMEs are not 'identical twins' for large enterprises: they are characteristically small, mostly resource poor, and the context is different, (Jaouen and Lasch, 2015; Basco, 2014; Tocher and Rutherford, 2009). While it is applicable for large enterprises to have a permanent HRM manager and to exploit HRM 'best practices' underpinned by formal strategic business management (Grant, 2018) to manage their usually large workforce, it is uneconomic to have similar practices in a business with only a handful of employees and no departments.

Further, while family interference is insignificant in most large enterprises, for most SMEs, personal and family goals are quite influential and informality is mostly the preferred mode of doing business, (Jaouen and Lasch, 2015; Basco, 2014). In addition,

SMEs are usually pragmatic; hence, prefer emergent plans, making mistakes and learning as they go along, (Rizzo and Fulford, 2012; Giaque, et al., 2010; Debrah and Mmih, 2009). Conversely, formal strategic planning and 'strategic space organizational learning' is the hall mark for large enterprises, (Grant, 2018; Jones et al., 2010). Accordingly, all these characteristics of SMEs provide a strong case to undertake people management research based on the SMEs themselves. This is because we need to see and understand people management from the eyes and minds of those who daily experience people management in SMEs, for which, such people are the SME owner managers. Consequently, when we place SME owner managers at the centre of our academic inquiry, we deepen our understanding about people management in SMEs and our interventions in the SME sector are much more poised for greater success.

Secondly, the above growing scholarly interest in people management in SMEs also comes at the backdrop of escalating concern within academic, private and policy circles that SME owner managers generally struggle with people issues, (ERC, 2019; Rhodes, 2018; GMCA, 2017a; Lai et al., 2017; Nolan and Garavan, 2016; Jaouen and Lasch, 2015; Basco, 2014; UKCES, 2014; Georgiadis and Pitelis, 2012; Tocher and Rutherford, 2009; Duberley and Walley, 1995; Milbourn, 1980; McMurphy, 1973). To exemplify this, British SMEs are attributed to be responsible for a significant chunk of the UK's productivity lag against its comparable economies such as Germany and France: notable causes include a lack in leadership and management skills, inclusive of HRM, (DBEIS, 2019; Rhodes, House of Commons, 2019; OECD, 2017; BIS, 2013; UKCES, 2014). While the narrative that SMEs generally struggle with people issues colours most extant knowledge, there is not much detail that explains this 'struggle'. Factors such as resource poverty, small firm size, being very busy with the day to day operations and preference for informality are commonly cited, (ibid). Importantly, there is insufficient understanding of how SME owner managers comprehend and approach people management. This, therefore, warrants a detailed investigation.

Thirdly, while research evidence suggests a link between entrepreneurship and HRM (Gilman and Raby, 2008; Zotto and Gustafsson, 2007; Katz et al., 2000) I am not aware of any studies that have sought to explore the potential cross fertilization of

entrepreneurial learning and HRM. Simply put, entrepreneurial learning is the process by which entrepreneurs acquire, generate and utilize knowledge: its forms are experience, action, routine, critical incident, imitation, trial and error, emotional, social, reflection and contextual (Pittaway et al., 2015; Wang and Chugh, 2014; Cope, 2005). This is indeed a very strong premise for exploring people management in SMEs from the entrepreneurial learning perspective. Arguably, drawing on entrepreneurial learning offers potential new insights to help demystify this 'black box' about how and why SME owner managers approach people management in the manner that they do.

Fourthly, much research has focused on aligning HRM to strategy with the primary objective of enhancing performance, (Lai et al., 2017; Latorre et al., 2016; Rauch and Hatak, 2016). However, these studies are mostly quantitative, reductionist, deductive and mainly based on large enterprises. The issue here is that we then tend to expect SME owner managers to imitate HRM practices in large enterprises. This happens because academia, private and public sectors draw on these studies to guide their people management intervention strategies in the SME sector. In addition, this positivist knowledge mostly decontextualizes the shaping, uptake, further development and transitioning of people management in SMEs. It is in this context that there is a growing call (Mayson and Barrett, 2017; Marlow et al., 2010) for contextualized studies that can explore multiple realities of people management in SMEs. Significantly, this is the very same call that through this study I am addressing.

Fifth, there is also abundant research that focuses on the preference for informality among SMEs, (Lai et al., 2017; Jaouen and Lasch, 2015; Basco, 2014; Tocher and Rutherford, 2009, Marlow, 2006). Historically, this informality was understood to be a binary situation of either the 'small is beautiful' or the 'bleak house', (Dundon and Wilkinson 2009). The 'small is beautiful' notion characterizes a world of work where the SME owner manager prefers informal HRM practices because they deem themselves to have a shared objective with their employees and are such a 'happy family'. Specifically, SME owner managers think that formal HRM practices will introduce bureaucracy and mistrust consequently disrupting their win-win employee relations, (Tsai, et al., 2007). Under the 'bleak house' notion, SME owner managers are still driven by a unitarist managerial ideology (Guest, 2017) but they prefer informal HRM

practices not necessarily to advance win-win employee relations. Instead, they can become domineering, overworking and marginalizing their employees in the process, (Wilkinson, 1999). Of course, our understanding about informality has since gone beyond this 'small is beautiful' and 'bleak house' to entail multiple realities of this informality inclusive of some variations of formality (Marlow et al., 2010). Importantly, informality serves as the preferred default mode for managing people (Jaouen and Lasch, 2015; Marlow et al., 2010) as the SME owner managers strive to be agile and versatile in their response to the dynamic complex macro-environment, (Gilman et al., 2015).

While this informality presents SMEs with the most conducive environment for enacting people management, evidence shows that as the ventures go through different business stages, as employee size increases, and as some market opportunities present themselves, some SME owner managers can adopt more formal approaches, (Atkinson et al., 2016; Fang et al., 2016; Marlow et al., 2010; Chin-Ju, 2010; Kitching, 2007; Kotey and Slade, 2005). Therefore, in the hindsight knowledge of the pros and cons of formal and informal HRM practices in SMEs, an increasingly growing third perspective suggests that the blending of informal and formal HRM practices especially in the case of medium enterprises better explains HRM in SMEs, (Atkinson et al., 2016; Marlow et al., 2010). While this third perspective offers fresh insight, to date, there is a dearth of studies that explores this informality-formality blending. Particularly, we have very limited knowledge regarding the contextual factors that drives this blending. Further, given the dynamism in the macroenvironment (Torre and Solari, 2013) how this blending evolves, and transition is insufficiently understood.

Sixth, what also complicate matters in our quest to understand people management in SMEs is that HRM as a phenomenon is both sophisticated and dynamic. This in some ways must be so, given that the world of work operates in a complex and unpredictable open systems macro-environment, (Torre and Solari, 2013). Notably, the incessant advancement in technology, for example, robotics, artificial intelligence and social media usage is daily reconfiguring the world of work making it inevitable to reconceptualize work and managing people, (Ghislieri et al., 2018; World Economic

Forum, 2018; UKCES, 2018; PwC, 2017; Frey and Osborne, 2017; Lai et al., 2017). Alarmed by this great transition, a renowned management consultancy firm, remarks:

*“The days of Human Resources as we know it at present may be numbered”,*  
(Deloitte, 2017:5).

Seventh, given this continued dynamism in the world of work and indeed the ongoing discourse about people management in SMEs, several suggestions are identifiable: two of which are key. Firstly, there is a suggestion that there is need for SME owner managers to abandon their unitarist ideology in favour of the pluralistic perspective, (Guest, 2017). It is hoped that if owner managers do this, they will appreciate better how different their personal objectives are with those of their employees, hence, better enlightening their approach to people management. While this pluralist management perspective has merit, SME owner managers, who are mostly driven by their personal and family objectives and desire for control, find this pluralist perspective quite challenging, (Combs et al., 2018; Jaouen and Lasch, 2015; Basco, 2014; Tocher and Rutherford, 2009). Therefore, it has been argued that SME owner managers mostly prefer an approach best described as a unitarist ideology. Reflective of this ideology, SME owner managers tend to ensure business including people management revolves around their personal ambitions, (Jaouen and Lasch, 2015; Basco, 2014; Torcher and Rutherford, 2009). This inevitable influence from their personal ambitions, preferences, choices and control desires (Guest, 2017; Child, 1997; Hambrick, 2007) is good cause for research to explore people management from the point of view of SME owner managers, albeit there is a dearth of such studies.

Another form of pluralism refers to numerous calls for researchers not to just restrict their inquiries to quantitative studies or to just investigate the HRM-Performance nexus but to also embrace qualitative research; hence, be holistic in exploring people management phenomena, (Mayson and Barrett, 2017; Marlow, 2010). All these suggestions provide good premise for further research that places SMEs at the centre of academic inquiry through interpretivist ontology and social constructionist epistemology. This, therefore, cuts out the work for my study.



Eighth, people management in SMEs is not just another interesting research field, instead, it has significant repercussions not only to the owner managers themselves but to national and global sustainable economic growth and development. To attest this, globally, SMEs are recognized as the vital cogs and engines that drives innovation, economic growth and sustainable development, accounting for not less than 60% of private sector businesses, (World Bank, 2018; WTO, 2018). In the Organization for Economic Cooperation and Development countries 99% of private firms are SMEs and these account for 60% employment and between 50-60% income, OECD, (2017). In emerging economies, 45% of private sector employment and 33% of private sector income is attributable to SMEs while in Europe SMEs are responsible for 20% of patents in biotechnology as well as 80% knowledge intensive services, (ibid). In Australia, 4.8 million were employed in SMEs at the close of June 2017 and in general 44% of private sector employment and 35% income are accounted for by SMEs, (Gilfillan, 2018). Similarly, in Africa, latest report by the ADB, (2019) indicates that at least 80% of private sector firms are SMEs. In Asia, 97% of businesses are SMEs and these create at least 50% of jobs with a GDP contribution of between 20%-50%. In different Asian countries SMEs are responsible for about 35% direct exports, (APEC, 2019). As for the USA, SMEs number about 30 million and they account for two thirds of net new job creation and recruiting more than 50% of America's labour force, (SBA, 2019). In the UK, the research context for this study, 99.9% of all private sector businesses are SMEs, accounting for not less than 60% employment and 52% income, (DBEIS, 2019).

The implication of these statistics is that more than 60% of our global work force are in the hands of SME owner managers and as such how they manage people is of paramount significance. Through effective people management, SMEs can adequately exploit the productive capacity of their workforce, which in turn potentially spurs economic growth and development. Notably, it is because of this understanding that since the past two decades, academia, private and public sector continue to increase their strategic interventions to buttress the SME sector globally. Consequently, numerous business support programmes exist in most global economies and the UK is a notable example, (ERC,2019; Rhodes, 2018; FSB, 2016; Atkinson et al., 2017; UKCES, 2014).

Specifically, the UK Government has since the 1969 Bolton Commission continued to place SMEs at the foci of its industrial policy, (ERC, 2019; House of Commons, 2019). In this regard, there is a customized Government website through which UK SMEs can access a range of support services such as loans, equity, grants and advice, (Gov. UK, 2019). Private sector and quasi-government organizations also compliments Government effort through provision of skills development in business management, leadership, new venture start-up, coaching, mentorship, debt management, business growth, international trade and booking working space (Entrepreneurial Spark, 2019, Investors in People, 2019; GMLEP, 2019, National Debt Line, 2019, DFID, 2019, Design Council Spark, 2019, Mentor SME, 2019, GMCC, 2019, Goldman Sachs, 2018, FSB, 2016; CIPD, 2014). Importantly, all these interventions in the SME sector hinge on best practice formal approaches in doing business and managing people while the positivist normative theories for human resources management serve as the underlying philosophy, (Lai et al., 2017).

However, whereas policy makers are doing everything they deem will transform SMEs to perform better (House of Commons, 2019), conversely, SMEs as represented by their leading umbrella body, the Federation of Small Businesses, argues that policy and private sector interventions are not fully addressing their needs. The FSB have gone to the extent of desiring the establishment of a Small Business Administration espousing this organization would meet their needs much better, (FSB, 2016). This, therefore, shows that there is a disconnection between policy, academia and private sectors' approach to business and people management on one hand and the SMEs on the other hand. One noticeable effect of this disconnection is the continuing low uptake of public sector funded SME interventions which arguably leads to inefficient use of the public purse, (House of Commons, 2019; FSB, 2016; Atkinson et al., 2017).

As this disconnection persists, general views (ERC, 2019; Atkinson et al., 2017; House of Commons, 2019) within Government, private and academic circles is that SMEs are missing it by:

- Failing to incorporate best practice approaches to business and managing people.
- Not prioritizing growth as measured by increased permanent jobs.
- Not inclined to increase employees.
- Being less driven to upscaling operations.
- Not maximizing exploitation of international trade opportunities

The following excerpts captures the above general views, thus:

*“[SMEs should] keep on starting new ventures, being creative, productive and growing into larger businesses [ Government’s quest for SMEs to upscale]”, (Young, 2015).*

Importantly, *“striving to coach SMEs to.....* Crucially to the UKAs reported

Equally, private sector deems

*“The UK’s productivity problems cannot be tackled unless small and medium-sized firms can raise their game in this area [business administration inclusive of people management to enhance productivity]”, (Atkinson et al., 2017:6).*

Contrary to the above views SMEs as shown in research are mostly less driven by formal best practices in business and managing people but by their idiosyncratic personal backgrounds inclusive of personal goals, values, education and experience among others, (Jaouen and Lasch, 2015; Raymond et al., 2013; Rizzo and Fulford, 2012; Child, 1997; Basco, 2014; Hambrick, 2007). Consequently, notwithstanding the plethora of business support services (Gov. UK, 2019, Entrepreneurial Spark, 2019, Investors in People, 2019; GMLEP, 2019, National Debt Line, 2019, DFID, 2019, Design Council Spark, 2019, Mentor SME, 2019, GMCC, 2019, Goldman Sachs, 2018, FSB, 2016; CIPD, 2014) the population of non-employing SMEs in UK is increasing. It currently stands at 4.3 million (i.e. 75%) of the 5.6 million SMEs with micro and small firms very much lagging in recruitment unlike their medium enterprise counterparts, (DBEIS,2019). This is despite the stable growth the UK SME sector has been

experiencing since 2015 (ibid). Further, owing to this disconnection some of the SME support programmes are “*typically inadequate or poorly marketed*”, (Atkinson et al., 2017:7) while others tend to take “*all SMEs to be the same, hence misdirecting policy formulation*”, (Wapshott and Mallett, 2018).

Overall, given that there is a disconnection between what we know and what is taking place vis-à-vis people management in SMEs, then this theory-practice gap calls into question the effectiveness of our interventions to improve people management in SMEs. Such improvement is of paramount significance given that SMEs are indeed the lynchpin and lifeblood of our global economies. Therefore, the need to research into how they approach people management cannot be over emphasized. Further, that 10% of non-employing SMEs (79% of all UK SMEs) were previous employers (DBEIS, 2019) is more than just anecdotal evidence suggesting that people management in SMEs is dynamic. This is yet another good rationale for my study to explore how people management in SMEs evolves.

To curtain down, it is quite apparent that people management in SMEs is not just a topical issue warranting research. Specifically, we have abundant nomothetic knowledge albeit lacking comprehensive idiographic knowledge about how SME owner managers manage people, (Mayson and Barrett, 2017; Marlow et al., 2010). Without this idiographic knowledge we cannot effectively make a critical social constructionist inquiry of what seems to be mostly nuanced people management approaches in SMEs. Further what we know is mostly decontextualized given most studies are positivist, quantitative and based on large enterprises, (Nolan and Garavan, 2016; Lai et al., 2017; Latorre et al., 2016). Therefore, given all the above and that SME owner managers are indeed the engines driving our global economies, there is a very strong rationale for undertaking this research.

### **1.1 Research Aim:**

The aim for my study is to understand how and why SME owner managers manage people in the manner that they do.

## **1.2 Research questions:**

The key research questions that frame my study are:

1. How do SME owner managers approach the issue of managing people?
2. How can SME owner managers draw on their entrepreneurial learning to acquire, generate and utilize knowledge to do people management?

## **1.3 Research Objectives:**

My study is underpinned by the following research objectives:

1. To explore SME owner managers' views about people management.
2. To theorize how SME owner managers, conceptualize people management.
3. To theorize how and why SME owner managers, enact people management in the manner that they do.
4. To construct a multiple realities substantive theory for people management in SMEs.
5. To ascertain the role of entrepreneurial learning in people management in SMEs.

## **1.4 Research Approach:**

I positioned myself in the interpretivist ontology and adopted social constructionism as my epistemology to explore the multiple realities of people management in SMEs through qualitative research. To compliment my philosophical positioning, I exploited constructivism grounded theory (Charmaz, 2006) as my research strategy albeit adapting it to best suit my research. Key among this adaptation (Dune, 2011; Francis et al., 2010) is in respect of doing a primary literature review before data generation and developing a sensitizing conceptual framework from empirical data. I also innovated through doing preliminary data interpretation in batches of three interviews. Doing a primary literature review before data generation enabled me to understand the discourse about people management in SMEs and better scope my research problem. However, to avoid extant knowledge concepts from influencing my substantive theory (Charmaz, 2006) I did not use this primary literature review to construct my conceptual framework. Instead, I constructed a sensitizing conceptual framework from empirical data of my first three interviews.

To generate data, I held in-depth interviews with 29 SME owner managers and one Minister of Religion. I selected the SME owner managers based on whosoever is willing and operates an SME (i.e. 0-249 employees, DBEIS,2019) in Greater Manchester and in any economic sector. My rationale was to open participation to SME owner managers from diverse backgrounds so that I could generate rich disparate data interpretation, which would enhance my chances of understanding the multiple realities in people management in SMEs.

Through my novel preliminary data interpretation in batches of three interviews, I was able to uphold the key grounded theory tenet of constant comparison (Charmaz, 2006; Glaser, 1998) while at the same time applying this preliminary interpretation to feed into my subsequent individual interviews and preliminary sense making of my next sub-set of three interview transcripts. At the end of data generation and preliminary interpretation I undertook a comprehensive data interpretation of the entire 30 interview transcripts. In line with constructivism grounded theory (Charmaz, 2006) I then made sense of the data by firstly doing a line by line initial coding of narratives and developing initial codes; followed by consolidating these initial codes into categories, which are the focused codes. Through theoretical coding, I consolidated some key focused codes into theoretical concepts. Further, throughout data generation and interpretation I wrote several theoretical memos, which I later interpreted in my final theorization. Importantly, given I am not 'tabula rasa', I applied reflexivity throughout the research process to ensure I precluded my prior knowledge from influencing my substantive theory, (Charmaz, 2006).

### **1.5 Contribution To Knowledge**

My thesis makes several original, novel and innovative contributions to theory, practice and policy. Firstly, it provides us with a new understanding from the point of view of SME owner managers what people management entails. There is often a notion within academic circles that SME owner managers know little or struggle to effectively address people issues, (Lai et al., 2017; Jaouen and Lasch, 2015; Basco, 2014; Torcher and Rutherford, 2009, Marlow, 2006; Duberley and Walley, 1995). My thesis sheds some light into this notion by explaining why SME owner managers find it challenging to manage people. Further, my study enlightens our understanding by

providing contextualized knowledge about how SME owner managers generate their idiosyncratic understanding about people management, how they draw on this unique understanding to adopt an approach to manage people and how they transition such an approach as they traverse their entrepreneurship journey. Indeed, through my substantive theory we get a new insight into how entrepreneurial learning helps to explicate people management in SMEs.

Overall, my study enlightens us that to develop a deep understanding about people management in SMEs we should place the SME owner manager at the centre of our academic inquiry. Doing this, helps us to gain comprehensive knowledge about how they form their people management views, generate their novel people management understanding and how they proceed to enact such understanding. Finally, my thesis enhances our understanding about how grounded theory is versatile and can be adapted to suit the researcher's needs. I adapted constructivism grounded theory introducing a three-tier level iterative data interpretation. This enabled my theorization and indeed my substantive theory to be robust and remain firmly grounded on empirical data. Further, I clarified and reinforced the concept of theoretical sufficiency by providing fresh evidence about when this occurs. This methodological adaptation and enlightenment will be useful to other researchers.

## **1.6 Thesis Structure**

I have arranged my thesis in nine chapters as follows:

**Table 1.1 Thesis Structure**

<b>Chapter</b>	<b>Purpose</b>
Chapter 1	Introduces background and purpose of the study.
Chapter 2.1	First installment of primary literature review that explores the knowledge gap within the discourse about people management in SMEs.
Chapter 2.2	Second Installment of primary literature review that explores the possibility of exploiting entrepreneurial learning to investigate people management in SMEs.
Chapter 3	Articulates the processual steps underpinning the methodology for this research.
Chapter 4.1	Presents study findings about SME owner managers' common and disparate people management views.
Chapter 4.2	Theorizes how SME owner managers conceptualize people management.
Chapter 4.3	Theorizes how non-employing SME owner managers conceive people management.
Chapter 4.4	Theorizes how employing SME owner managers enact people management.
Chapter 5	Explores the extant knowledge landscape traversed by the substantive theory.
Chapter 6	Apex theorization and development of several frameworks including the substantive theory to explicate people management in SMEs.
Chapter 7	Engages the substantive theory with extant knowledge.
Chapter 8	Tackles contribution to knowledge: academia, practice and policy, proffering evidence-based agenda for future research.

## **1.7 Summary**

In this chapter, I have introduced the study by articulating the research problem, research aim, research objectives, research approach and contribution to knowledge, after which, I concluded by explaining how this thesis is organized. What follows next is primary literature review.



## **CHAPTER 2.1**

### **PRIMARY LITERATURE REVIEW PART ONE**

#### **EXPLORING PAUCITY OF KNOWLEDGE ABOUT PEOPLE MANAGEMENT IN**

#### **SMALL AND MEDIUM ENTERPRISES**

##### **2.1.0 Introduction**

This chapter is the first part of my primary literature review in which I explore the discourse about people management in SMEs. As mentioned earlier, I will, in this chapter mostly use the term HRM in SMEs whenever I refer to extant knowledge but use people management in SMEs when I am not citing literature. I shall justify my use of this terminology later in the chapter. My purpose is to acquaint myself with the issues at stake and to scout knowledge gaps that can underpin my research problem. Specifically, my critical inquiry is underpinned by a narrative literature review (Gordon, 2018), which unlike the systemic literature review, (Tranfield et al., 2003) best suits my adapted constructivist grounded theory.

Through this narrative review, I was able to unravel the deep-seated issues inherent within the discourse about HRM in SMEs but at the same time avoiding deep diving into key substantive areas (e.g. HRM practices) for my research problem. This is a critical requirement in doing an adapted constructivism grounded theory, which I will explain later in my methodology chapter. Had I done a systemic literature review; I would have violated this key tenet as well as exclude exploring relevant themes simply because they fall outside of my systemic inclusion criteria. Therefore, I would have constrained myself from fully exploiting the appeared multiple realities of people management in SMEs.

Consequently, to do this exploratory narrative literature review, I interrogated two databases, namely, Business Source Premier and Google Scholar using the following search phrases:

- Human Resources Management in Small and Medium Enterprises.
- Human Resource Development in Small and Medium Enterprises.
- Employment Relations in Small and Medium Enterprises.
- Industrial Relations in Small and Medium Enterprises.
- SME owner Managers and Human Resources Management.
- Managing Workers in Small and Medium Enterprises.
- HRM in Small and Medium Enterprises.
- Entrepreneurial Learning in Small and Medium Enterprises.

In presenting my narrative review, I shall firstly submit evidence about the key characteristics and economic importance of SMEs, followed by a review of the HRM concept and how HRM is enacted in SMEs. I conclude by exploring my knowledge gap and suggesting how entrepreneurial learning can potentially be a very useful concept to use in our quest to understand people management in SMEs.

### **2.1.1 Key Characteristics Of Small And Medium Enterprises**

It is critical that I prefix my review of HRM in SMEs by firstly articulating what these SMEs are. In this regard, there is no single definition for SMEs, albeit, the following definition will suffice, thus:

*“The small firm is an organisation with typically a very small number of employees: The minimum being one person who is self-employed, a weak management structure, low capitalisation and a low turnover of marketable goods or services”,* (Baldacchino, 1999:1).

SMEs are classified in several ways such as in terms of assets, capital, turnover, employee size, stage of development, industry or ownership, (Lai et al., 2017; Marlow et al., 2010; Duberley and Walley, 1995; Buller and Napier, 1993; Baldacchino, 1999; Miner 1973). In general, SMEs need not be officially registered, and they are prevalent across most sectors of the economy both formal and informal, (ibid). The employee size classification is the most popular albeit its categorization differs from one country to another. Therefore, in China an SME employs up to 3000 employees while for the European Union it is up to 250, (Kushnir, 2010). In the UK and Europe, micro

enterprises recruit (0-9) employees, small firms (10-49) employees, medium enterprises (50-249) employees and large enterprises have employees 250 and above, (DBEIS, 2019; World Bank, 2018). Consequently, to contextualize my study, I am guided by the UK definition for SMEs.

SMEs are distinctive in that they are usually managed by the founder, who notwithstanding their limited capabilities, in most cases, and especially in their infancy, assumes all the job roles: they are the chief executive officer, the people manager, the chief finance person and the general employee, (Lai et al., 2017; Marlow et al., 2010; Baldacchino, 1999; Duberley and Walley, 1995). That SME owner managers have mostly absolute equity and executive decision control implies that these ventures inevitably revolve around their personal beliefs, motivation, intentions, goals and preferences, (Torre and Solari, 2013; Gilman and Edwards, 2008). A plethora of studies show that most SME owner managers are averse to operating large businesses with many employees, preferring smaller ventures, which they manage mostly through informal business practices, (Lai et al., 2017; Voss and Brettel, 2014; Olander et al., 2011; Marlow et al., 2010). Being small and adopting informality provides them with agility and versatility to react to market complexity and dynamism, (ibid). Further, given fewer employees, it becomes uneconomic to adopt formal systems which are usually very expensive and yet resource poverty is a key characteristic of these ventures, (Jaouen and Lasch, 2015; Raymond et al., 2013; Rizzo and Fulford, 2012).

The SME owner manager has the sole prerogative to structure work and direct how it should be done, including any skills learning and development, (Kitching, 2007; Baldacchino, 1999). However, they cannot force employees to desire to learn and to fully discharge the learned competencies, (ibid). Consequently, as Atkinson et al., (2016) note, this results in a trade-off where instead of forcing, the employer uses a regime of incentives (e.g. rewards, fair treatment) to motivate employees to become more positive about skills development, learning and exploiting their full capabilities. In return, employees tend to proportionately increase their organizational commitment and workmanship. Ultimately, this leads to a psychological contract, which permeates the entire work relationships in the firm as one good turn by the employer deserves another from the employees.

Ideologically, SME owner managers mostly premise on the unitarist perspective of one vision and shared objectives for the common good, and arguably tend to avoid trade unionism, (Guest, 2017; Baldacchino, 1999). In terms of skills and expertise, this comes from what the employees and the owner managers individually and severally commit. The SME owner managers are mostly reluctant to seek external advice especially formal or 'best practice', (Jaouen and Lasch, 2015; Raymond et al., 2013; Rizzo and Fulford, 2012; Bacon et al., 1996). When SME owner managers eventually decide to get advice, they tend to prefer consulting firstly, their family members, their own trusted social networks, and or their trusted professionals (e.g. accountants, lawyers) while approaching government related organizations very often is the last option, (Blackburn et al., 2018; Kitching, 2016; Jaouen and Lasch, 2015; Jarvis and Rigby, 2012).

Given their limited use of expert advice, the owner manager's own skills and experience are inevitably the leading drivers for their HRM knowledge; hence, the paucity of such expertise can be quite apparent, (Georgiadis and Pitelis, 2012). Regarding structure, organograms for most SMEs are flat, and owner managers usually prefer very close personal relationships and supervision: rarely delegating authority, (Jaouen and Lasch, 2015; Rizzo and Fulford, 2012; Marlow et al., 2010). As for work tasks, there is so much variation and multiplicity of roles, (Heneman et al., 2000; Baldacchino, 1999) and as the employee size increase, the more the SME owner manager gets constrained to effectively manage their employees using informal practices. Consequently, they start to adopt formal practices, (Voss and Brettel, 2014; Torre and Solari, 2013; Werner and Herman, 2012; Marlow et al., 2010). Even with family firms, there comes a point where it is more beneficial to engage non-family managers than keeping on recruiting family members, (Fang et al., 2016).

The point at which usage of formal practices commences varies, for example, Kotey and Slade, (2005) posit as from 20 employees while Little, (1986) had earlier espoused as from 50 employees. Further, nascent and growing ventures tend to have more informal business practices than more stabilized and mature ventures, (Voss and Brettel, 2014; Torre and Solari, 2013; Buller and Napier, 1993). SMEs are also known to work very closely with large firms by being their suppliers of unique goods and

services; and even sharing some knowledge, processes and systems. However, having this close cooperation does not necessarily lead to SMEs having the same management expertise and financial capacity, (Lai et al., 2017, Marlow et al., 2010; Torre and Solari, 2013; Werner and Herman, 2012; Kotey and Slade, 2005; Bacon et al., 1996; Miner 1973). Some of these key characteristics do in several ways constrain success for these ventures. Consequently, SMEs tend to have higher rates of attrition than large firms, hence often nicknamed “*fruit flies of management*” (Katz et al., 2000:2) because they launch in numbers just as they die in thousands.

From the above review, key characteristics of SMEs are: owner manager control (ownership and executive decision making), growth aversiveness (preference for smaller employee size), informality preference, varying formality with growth (as employees increase), occasional collaboration with large enterprises, negative attitude towards advice and best practice, unitarist ideology, psychological contract, resource poverty (skills, knowledge, experience, finance), simple structure (e.g. flat). Importantly, these characteristics appear to have a role in how SME owner managers approach people management; hence, a good rationale for research and contextualizing people management in SMEs.

### **2.1.2 Significance of Small And Medium Enterprises**

SMEs are today’s most prevalent firms and drivers for global economies. The World Bank, (2018) reports that excluding the informal economy, 60% of employment and 40% turnover in emerging economies alone is attributable to these ventures. Global economies hold between 365-445 million SMEs out of which 285-345 million are informal ventures and of the 16 million jobs expected in the next 15 years, SMEs are expected to create 4 out of every 5, (ibid).

SMEs have several key advantages over large firms, such as their faster growth, generate more net jobs, allocate wealth more effectively, innovate more, diversify risk of failure more across many economic sectors, (Newbert, 2005; Nooteboom, 1988). They are endeared by governments, given they serve as safety nets against recessions, which wreck economies causing high unemployment, eroding state

pensions and unemployment benefits, ultimately triggering political and socio-economic instability, (Vinten et al., 1997).

Given the above crucial significance of SMEs to the economy, it is indeed prudent that much research be devoted to understanding how the world's number one employer, the SME owner managers, enact people management. While much scholarship has been done in the field of HRM in SMEs, there is a general view within academic, practice and policy circles that SME owner managers mostly struggle with HRM and how these owner managers do HRM remains contentious, (World Bank, 2018; DBEIS, 2019; Lai et al., 2017; Atkinson et al., 2016; Latorre et al., 2016; Nolan and Garavan, 2016; FSB, 2016). This calls for studies to illuminate this 'people management struggling' notion.

### **2.1.3 People Management And HRM: Concepts And Terminologies**

Extant knowledge mostly uses the term HRM in its discourse about people issues at work while my SME owner managers commonly refer to people management or just managing people. Importantly, the term HRM is strongly contested with no clear accepted definition; hence, I use the term 'people management' or just 'managing people' which are more inclusive and portrays the point of view of my SME owner managers. This challenge of inadequately defining and conceptualizing HRM is well documented, (Nolan and Garavan, 2016; Lai et al., 2017; Tubey et al., 2015; Thornthwaite, 2012, Marlow, 2006; Marciano, 1995) and the following excerpts attest this, thus:

*"There is little or no consensus within the HRM academic community about the topic of study", (Beer et al, 2015:6)*

*"[HRM research is characteristic of] considerable ambiguity both in conceptualization and in application", (Tocher and Rutherford 2009:3).*

*"For decades scholars have struggled to adequately conceptualise HRM as a theory, ideology or discourse", (Marlow, 2006:3).*

*“The difficulties involved in defining HRM and the inconsistencies and inherent contradictions of the concept have been discussed elsewhere and it is not our intention to repeat that here. However, these difficulties do cause problems for researchers trying to identify the use of HRM”, (Duberley and Walley, 1995:2).*

Indeed, as pointed out by Katz et al., (2000) such a consensus is critical not just to enhance comparability of studies and attesting of knowledge but critically without a clear HRM concept, anything can be studied. In philosophical terms, questions have been raised about how we can explain phenomena if we do not know it. This is the so called Menos Paradox, in which Menos interrogates the great philosopher Socrates as follows:

*“how are you going to search, Socrates, for this thing ‘virtue’ when you don’t know at all what it is? For what sort of thing, from among those you don’t know, will you propose when you are searching? And even if you should completely hit upon it, how will you know that this is the thing you didn’t know?”, (Ebrey, 2014:1).*

Indeed, comprehensively defining and conceptualizing HRM is our own ‘Menos Paradox’ and the adverse impact is the tendency of us using ‘fuzzy concepts’ which are less incorrigible, (Marlow, 2006). Consequently, owing to these ‘fuzzy’ concepts, researchers find it very difficult to *“test or operationalize”* ultimately leading to presumptions that they are addressing the same issues and yet quite different, (Markusen, 2003:1,3). In this regard, at least two predominant perspectives of conceptualizing HRM are identifiable.

There is a view that takes HRM to be a broad generic term that illuminates how management coordinate and put to order employment relations, (Marlow, 2006). The rationale for this view is that management covertly or overtly uses their executive authority to influence employees to discharge desirable behaviours and workmanship that enhances organizational goals and performance. Specifically, this is a process view which deems everything that transpired in the world of work from industrial revolution to date is HRM, (Tubey et al., 2015; Thornthwaite, 2012; Marlow, 2006;

Marciano, 1995). Notably, personnel management and industrial relations are just but subsets and this process view is demonstrated in the excerpt below.

*“It is much easier to identify a set of practices to ratify that HRM exists than to explicate that HRM strategy is in place”, (Duberley and Warley, 1995:2).*

This process perspective is underpinned by the interpretivist and social constructivist philosophical positioning, which argues that there are no constructs or theories that await discovery, (Marlow, 2006; Hudson, 2003). Therefore, even as Marlow, (2006:5) acknowledges, *“vague theorising”* underpinned by *“generation of evidence focused largely upon process”* is tolerated. This is so given that concepts are both social constructs, seldom rigid but highly elastic while at the same time triangulating evidence in search of meaningful congruency is quite problematic, (Marlow, 2006).

Conversely, the positivist paradigm argues as follows:

*“In fact, it becomes almost tautological as it suggests that if the processes used to manage employees are described as HRM, then HRM therefore exists”, (Marlow, 2006:4).*

*“Human resource management can’t be strategic to align personnel practices and at the same time be the set of practices”, (Duberley and Walley, 1995:1-2)*

Consequently, instead of interpreting the process and practices, the positivist perspective deems HRM to be underpinned by incorrigible constructs and reflected as a strategic ideology for managing workforce, (Marlow, 2006). While starting with concepts is quite laudable in scientific inquiry, when it comes to HRM, such incorrigible concepts are easier spoken about than developed or discovered, (Marlow, 2006). Consequently, the search goes on. As is quite evident, HRM is indeed, a fluid concept hence pragmatists argue:

*“no final truth, complete explanation or correct analysis of HRM or anything else in the world is possible”, (Watson, 2010:2).*



However, notwithstanding this elasticity, there is an underlying managerialist notion in all these disparate views. This notion espouses the need for management to fully foster and exploit their employees' loyalty, commitment and partnership in order to enhance competitive performance, (Marlow, 2006). Given the disparity in conceptualizing HRM, I position myself in the interpretivist social constructionist domain. Therefore, through the lived experiences of SME owner managers who daily manage people in SME ventures we can observe and interpret the practices and processes in their work environments and use that to illuminate HRM. Consequently, I could have used the term HRM to refer to this broad process-based interpretation but because my study seeks to convey the point of view of my SME owner managers, I use the term 'people management', which they commonly use. Notably, some sections of academia, private and policy sectors also use 'people management' interchangeably with HRM in this broad process context, (Ghislieri et al., 2018; World Economic Forum, 2018; UKCES, 2018; PwC, 2017; Frey and Osborne, 2017; Lai et al., 2017). Inevitably, what further chars the already 'black pot' in this people management discourse is our disparate philosophical paradigms and the appeared perceptual and conceptual gap between how SME owner managers understand managing people versus our understanding as academia, private and policy sector.

#### **2.1.4 Enactment Of HRM In SMEs**

Despite the challenge of adequately conceptualizing HRM, academia proffer three broad propositions explicating HRM in SMEs and these are formality, informality and formality-informality blending.

##### ***Formal Enactment Of HRM***

Lai et al., (2017:3)'s defines formality of HRM as follows:

*“the formality of HRM is defined by the extent to which HR [human resource] policies and practices are documented, systemised, institutionalised and integrated into the firm”*

Further formality entails engaging a professional HRM expert to administer people issues using bona fide best practices, (Lai et al., 2017; Kotey and Slade, 2005). The formal enactment of HRM is explained through three perspectives namely: Universalist, Contingency and Configuration. It is important to note that although these three perspectives differ in their propositions, they are all underpinned by the resource-based view management thinking. This thinking posits that to attain sustainable competitive advantage, it is inevitable to integrate resources around the strategy and most importantly, fostering and exploiting an inimitable, rare and novel human capital should be the bedrock for such an integration, (Lai et al., 2017; Kaufman, 2015).

### Universalist Perspective

Apart from espousing the persistent and consistent use of specific HRM practices regardless of firm size and context, the universalist, also known as 'best-practice' approach posits that the more the HRM practices, the better the performance, (Lai et al., 2017; Georgiadis and Pitelis, 2012, Teo et al., 2011). Although, the universalist perspective leads in being the most preferred perspective in research with even greater degree of empirical insight including spirited efforts to claim a positive link, clarity about how and what practices are associated with this impact remains a mystery, (Lai et al., 2017; Rauch and Hatak, 2016; Latorre et al., 2016; Georgiadis and Pitelis, 2012; Chandler and McEvoy, 2000; Duberley and Walley, 1995). Assertions are that there is an additive impact, while others claim a multiplication effect and still others are not sure which practices are critical, (ibid).

Regarding what HRM practices stands for, these are the various routine activities and processes including the 'what works here or the givens' that an organization embeds in its strategic HRM system to achieve its HRM goals. There is no unanimity regarding what practices leads to success albeit an exemplar set include:

*“employment security, selective hiring, decentralised work arrangements, performance-based pay, extensive employee training, reduced status differentials, and information sharing”, (Werner and Herman, 2012:5).*

Significantly, HRM practices are the vital means through which employers inculcate their desired work culture and performance within their employees while at the same time developing their organizational human capital, (Georgiadis and Pitelis, 2012). This human capital goes beyond head count of employees but rather their cumulative skills, knowledge and experience. Further, to develop human capital, it is critical to have robust investment in employees through employing critical skills, perpetual training and development, and thirdly competitively retaining critical skills, (Teo et al., 2011). Ultimately, human capital is a cost that must yield the desired return on investment, failure of which, this cost becomes a major threat against human capital development.

Despite the logic behind the universalist perspective its application is more suitable in large enterprises, which have the resource muscle to employ people managers and establish human resource departments, (Lai et al., 2017). In sharp contrast, being resource poor is a key characteristic of SMEs, (Jaouen and Lasch, 2015; Raymond et al., 2013) and they traditionally shy away from formal business practices, (Basco, 2014; Rizzo and Fulford, 2012). Therefore, the universalist perspective is mostly atypical to SMEs, (Lai et al., 2017; Marlow et al., 2010; Harney and Dundon, 2006). Further, if it is an issue of enhancing performance, SME owner managers do have several salient ways to achieve this, such as, developing win-win personal employment relations, without having to enact this sophisticated and costly universalist best-practice perspective, (Lai et al., 2017; Atkinson et al., 2016; Marlow et al., 2010).

### Contingency Perspective

The contingency perspective advocates for contextualization to ensure external fit, which is not static but dynamic to promote versatility, (Lai et al., 2017; Heijltjes et al., 1996). Notably, the contention is that it is not always the same practices neither the same organization nor the same employees, and certainly not the same environment but a multiplicity of combinations. Therefore, enacting HRM is subject to diverse contextual factors such as “*organisational strategy, external environment, country, sector and employee groups*”, (Lai et al., 2017:4).

However, the limitations for this perspective is that it is quite complex and ambiguous about which HRM practices must be blended with which and under which context.

Some scholarly view also argue that contingency mostly mimics the universalist perspective, narrowly acknowledges contextual factors, is largely rational and assumes HRM is intended yet it can be reactive, (Harney and Dundon, 2006). Despite this criticism, its key advantage is the flexibility to transit and switch HRM practices. Importantly, flexibility does not imply informality but versatility in discharging formality. Although, the contingency perspective seems more favourable to the SMEs' situation, Lai et al., (2017) observe more empirical support for the universalist perspective than there are studies that affirm the contingency approach. However, this observation is debatable, given that there are more studies which primarily hinge on the universalist perspective than those which are underpinned by the contingency perspective, (Lai et al., 2017; Nolan and Garavan, 2016).

#### Configuration Perspective

This is a more sophisticated best practice approach to HRM which exploits strengths for both the universalist and the contingency perspectives. The following excerpts reveal this complexity.

*“a coherent ‘HR system’ that achieves both horizontal and vertical fit, with the potential to create ‘synergistic’ effects. Horizontal fit refers to the internal consistency of the organisation’s HR policies, while vertical fit concerns the congruence”, (Lai et al., 2017:4).*

*“combining ‘vertical’ or external fit and ‘horizontal’ or internal fit...[Greater focus is on how] pattern of multiple independent variables is related to a dependent variable” rather than how individual independent variables are related to the dependent variable”, (Richardson and Thompson,1999:22).*

Theoretically the configuration perspective is more robust because it integrates key tenets of both the universalist and contingency perspectives, but it has the least empirical support, (Lai et al., 2017; Georgiadis and Pitelis, 2012). Criticizing the configuration perspective, Lai et al., (2017) stress that it is problematic to ‘interpret and apply’. Its use to SME owner managers is discounted by its sophistication, cost and inherent formality, (ibid).

What is distinct about universalist, contingency and configuration perspectives is that they are mostly underpinned by the resource-based view and the ability, motivation and opportunity model to enhance firm performance. Through this model, these perspectives primarily focus on adopting a set of HRM practices which will develop the employees in terms of skills, knowledge and experience (ability), enhance employee enthusiasm (motivation) and improve employee participation (opportunity), (Lai et al., 2017; Nolan and Garavan, 2016). Further, the universalist, contingency and configuration perspectives draw on quantitative studies and models based on the experiences of large enterprises. This aspect opens them up to criticism of extrapolating what is theoretically sound but only works so well in large firms, to SMEs, (Nolan and Garavan, 2016; Marlow et al., 2010). These three perspectives also advance the notion of high-performance work systems, which I now explain below.

### High Performance Work Systems

Given the thesis that there are certain HRM practices which when exploited via the universalist, or contingency or configurative perspectives leads to enhanced firm performance, the HRM research has during the last three decades witnessed a proliferation of diverse frameworks for high performance work systems, (Lai et al., 2017; Rauch and Hatak, 2016; Latorre et al., 2016; Sheehan, 2014). I use the term 'system' here to denote the entire mechanism of exploiting these high-performance work practices. While the explosion of these studies is most welcome, they mostly remain atypical to employment relations in SMEs. Notably, despite their pomp, what exactly high-performance work systems are is largely contested, and worse, there is lack of consistency in terminology. In this regard, they are variably known as high commitment work system, high involvement work systems, high performance human resource, high commitment human resource, high involvement human resource, amongst other alphabet of names, (Lai et al., 2017; Latorre et al., 2016; Rauch and Hatak, 2016; Wu et al., 2015; Gilman and Raby, 2008). The seeming confusion and or ambiguity about these systems is succinctly captured by Gilman and Raby, (2008:6-7) who comment that they can range from Schusters' (1986) "*six innovative HRM*" or Pfeffers' (1994) "*sixteen distinctive management practices*" or Jayoram et al., (1999)'s "*ten best practice factors*".

Besides the complexity and cost issue, arguably one major drawback of the high-performance systems is how they “*explore structure*” albeit ignore “*its functioning*”, (Elorza et al., 2011:2). This criticism was also earlier raised by Purcell and Hutchinson (2007). Further criticism is that high performance systems research often glosses over its results, that is, making it appear the HRM-Performance nexus is positive, (Torre and Solari, 2013) as well as inability for the practices to always lead to competitive advantage, (Patel et al., 2013). In addition, in some cases, they tend to remain a management thinking than they are executed. The absence of a direct influence on performance has also been observed, (Torre and Solari, 2013; Georgiadis and Pitelis, 2012) and there continues to be ambiguity regarding how these systems function, the practices involved and the processes, (Lai et al., 2017; Latorre et al., 2016; Buller and Napier, 1993). Given this ambiguity, it is arguably difficult for the SMEs to effectively enact these practices.

Overall, although the above dominant HRM perspectives are theoretically logical they tend not to fully explicate HRM in SMEs. This is evidenced in the following excerpt:

*“dominant theoretical models [universalist, contingency, configuration] do not adequately capture the complexity of HRM in SMEs, Extant approaches tend to adopt a closed, rational systems perspective whereby organisations are depicted as closed hermetically sealed entities exhibiting formalised policies with clear objectives”, (Harney and Dundon, 2006:3).*

### ***Informal Enactment Of HRM***

Doing business in SMEs is primarily an extension of the owner managers’ personal ambitions as they mostly deem that the SME venture is their ‘baby’, (Bacon et al., 1996). Buoyed by this strong personalization and control, they predominantly prefer informality to do business and to manage people, (Jaouen and Lasch, 2015; Raymond et al., 2013; Cunningham and Rowley, 2010; Duberley and Walley, 1995; Miner, 1973; Pilie, 1962). Historically, two schools of thought, which arguably have since been exposed to scrutiny are identifiable, that is, the ‘small is beautiful’ and the ‘bleak house’ both of which are underpinned by a unitarist management philosophy, (Dundon and Wilkinson 2009; Tsai et al., 2007; Bacon and Hoque, 2005; Wilkinson, 1999; Duberley

and Walley, 1995). The rationale of the 'small is beautiful' is that the owner manager is a respected paternal figure who is considerate and together with their employees, although small as a business and lack in resources compared to large enterprises, they are 'one happy family'. Consequently, the adoption of 'best practice' or formal HRM practices to attract, develop, retain, motivate, reward, discipline and dispose employees is perceived to be perhaps unnecessary. Specifically, the argument is that formal HRM practices will mostly instill bureaucracy, stifle informal communication, breach the psychological contract, damage loyalties, ultimately resulting in mistrust and unsettling the mostly cordial employment relationships.

With regards to the 'bleak house' characterization, this espouses a state of affairs in which the owner manager also uses informal HRM practices to manage their employees. However, unlike in the 'small is beautiful' set up, the owner manager here is portrayed as autocratic, feared and their concern is mostly to pursue their personal ambitions while in the process mostly marginalizing and mistreating their employees, (Dundon and Wilkinson 2009; Bacon and Hoque, 2005; Wilkinson 1999; Duberley and Walley, 1995). Consequently, poor remuneration, job insecurity, absenteeism, employee turnover and pilferage are very often the hall mark of this 'bleak house', (Dundon and Wilkinson 2009; Wilkinson 1999).

As I pointed out earlier, the discourse on informal HRM in SMEs has long evolved beyond the 'small is beautiful' and the 'bleak house' concepts. Informality of HRM in SMEs entails predominant use of non-formal HRM practices and the employment relationship is not a binary of 'small is beautiful' or the 'bleak house', (Atkinson et al., 2016; Jaouen and Lasch, 2015; Torre and Solari, 2013; Marlow et al., 2010). The rationale of leveraging on informality is to ensure the SME owner manager retains agility and flexibility to cope with the dynamic business environment. What is also now quite apparent is that informality does not translate to inferiority (Guest, 2017; Marlow et al., 2010; Kitching, 2007; Katz, 2000). However, when positivist studies fail to establish the existence of formal HRM practices in SMEs the tendency is to deem SME owner managers as people who struggle in doing HRM, yet it can be argued that informality is an appropriate and effective approach to managing people, (Nolan and Garavan, 2016; Mallett and Wapshott, 2014; Marlow et al., 2010)

Notably, rather than adopting formal good HRM practices there is evidence that SME owner managers' approach to people management is guided by their own ambitions and circumstances and or by their experience of what other owner managers are doing. In this regard, when they imitate practices they see working very well in similar businesses of their fellow colleagues, informal HRM homogeneity tends to occur. This is the institutional effect, where being members of the same community of practice, the tendency is to enact similar HRM practices, (Chin-Ju, 2010). The second option, which is the antithesis of homogeneity, is the heterogeneity perspective. In this regard, these owner managers mostly prefer their own ambitions, their assessment of what works for them given their business situation to determine what informal HRM practices they should enact and not being driven by community of practice dictates. This is attested by Torre and Solari, (2013:4) who reports how Baron and Hannan (2002) had also refuted the homogeneity narrative stating that it was not up to isomorphic processes or being in the same industry that were the key drivers of business practices but *"the different beliefs and intentions of the founders and the CEOs"*. Similarly, Gilman and Edwards, (2008) observed how SME owner managers, in emphasizing informality, were patriotic to their unique organizational ethos and culture, thus:

*"apparently similar firms in fact behaved differently, for reasons to do with their market situations and the choices they made; and the firms displayed tensions between 'modern' business strategies and 'traditional' and informal employment practices",* (Gilman and Edwards, 2008:1).

Consequently, given the above evidence, indeed SME owner managers can also deviate from their associates and adopt their preferred idiosyncratic informal HRM practices. Crucially, the entire regime of informality serves as a better perspective to enact HRM in comparison to formal best practices. Chief reasons are that these perspectives allow versatility and dexterity, which the owner managers greatly prefer, given, they are mostly highly pragmatic, opportunistic and reactive, (Raymond et al., 2013; Torcher and Rutherford, 2009).



### ***Formality-Informality Blending Approach***

Notwithstanding the several advantages of informality, research shows that with growth, measured as employee size, especially from 20 upwards, owner managers find it very difficult to stick to informality, [Marlow et al., 2010; Wilkinson 1999]. This is because owing to increased employees, the SME owner managers find it very difficult to effectively supervise and enforce motivation, performance and discipline: they cannot be everywhere at the same time. As such they begin to formalize through appointing trusted loyal employees as line managers as well as increasing record keeping and beginning to have a more strategic perspective of their business, (Mallett and Wapshott, 2014; Marlow et al., 2010). In the same vein, formality itself is also a function of firm developmental stages, (Torre and Solari, 2013; Marlow et al., 2010; Heneman et al., 2000). Ultimately, managing people is transformative across the business venture's growth trajectory.

The implication of the above is that SME owner managers can manage their employees informally and then gradually increase formality the more they recruit or the higher the stages of business development. However, this presumed deterministic influence of employee size on HRM approach continues to be investigated and questioned, (Torre and Solari, 2013; Dundon and Wilkinson 2009). Given these developments, there are calls for a more nuanced understanding of the relationship between formality and informality. This is so especially given empirical evidence that, even in a 'bleak house' set up, formal practices do exist (Bacon et al., 1996) and that *"informality in small firms is a matter of degree and not kind"*, (Ram et al., 2001:846). Weighing in, Debrah and Mmieh, (2009:1) argues *"small does not necessarily mean informality"* while in concurrence Werner and Herman, (2012) posit that the uptake of HRM in SMEs is a case of the level of the institutionalization of the HRM practices via documentation and systematization. Marlow and her colleagues also evoke the Hawthorne studies' effect, succinctly articulating how managing people is a dynamic case of vacillating between informality and formality, thus:

*"rationality and intuition, formality and informality, professional norms and personal preference or idiosyncrasy"*, (Marlow et al., 2010:3).

Providing further evidence, Marlow et al., (2010:11) show how transforming to formality is met with:

*“a sense of regret and nostalgia for the loss of what they presented as benign fraternalism or ‘friendly’ social relations of production”.*

Consequently, given how both frontiers, formality and informality are not at all exclusively advantageous to the owner manager, it is quite reasonable and indeed, possible for these two approaches to exist as one in some unique symbiotic union(ibid). Notably, this symbiosis finds empirical support from Atkinson et al., (2016)’s study in which medium enterprise owner managers adopted both formal and informal practices to do HRM as they strove to address the different needs of their stakeholders (policy, customers, employees) within a dynamic complex environment. Therefore, I would expect to find that the ‘formality-informality blend’ is a duality that prevails along the continuum of growth, stage of development and holistic conceptual factors affecting SMEs. As this duality persists and transition, I further expect that SME owner managers would keep renegotiating and reconfiguring the employment terms and conditions and how they overall manage their people.

### **2.1.5 Knowledge Gap: Expected Contribution To Knowledge**

It is quite apparent that although the literature has moved on from simplistic notions of ‘bleak house’ and ‘small is beautiful’ and the dualism of informality and formality, there is still a lack of knowledge in understanding this dynamism, (Lai et al., 2017; Atkinson et al., 2016; Marlow et al., 2010). The dearth of knowledge due to positivist quantitative studies, which I mentioned earlier on, is also affirmed by Gilman and Edwards as follows:

*“The result [of abundant positivist quantitative studies] is an acute shortage of research identifying and validating HRM practices in SMEs, with even less focusing on the relationship between strategy, HR[human resource] practices and performance in SMEs...the literature appears to be rich in prescription, limited in sound descriptive surveys and sparse in analytical research’,(Gilman and Edwards, 2008:3).*

Further, this abundance of deductive studies crowds out the contextualized understanding of HRM in SMEs, (Mayson and Barrett, 2017; Marlow et al., 2010; Harney and Dundon, 2006; Paauwe and Boselie, 2005).

In addition, this HRM discourse is silent about how SME owner managers learn about managing people. This is curious given extensive literature on entrepreneurial learning, (Pittaway et al., 2015; Wang and Chugh, 2014; Karatas-Ozkan, 2011; Politis, 2005; Cope, 2005, Rae, 2005). To the best of my knowledge, there is no HRM in SMEs research that adopts an entrepreneurial learning perspective. Further, there are very few studies that explores HRM in SMEs from the point of view of the SME owner managers.

Consequently, all the above knowledge gaps provide a good premise for me to undertake an interpretivist qualitative research to explore the seemingly multiple realities of HRM in SMEs and do so from the point of view of the owner managers, (Mayson and Barrett, 2017; Marlow et al., 2010; Paauwe and Boselie, 2005). Specifically, my expected contribution to knowledge among others that may unfold is to develop two theoretical frameworks, one that explicates how SME owner managers generate their understanding about HRM and another that elucidates how they go on to enact it. Given that SMEs are the most prevalent businesses globally with significant impact on global economies, knowing comprehensively about HRM in SMEs is of paramount importance, (World Bank, 2018; WTO, 2018; OECD, 2017). Without this vital knowledge, we are less able to effectively support SME owner managers to adequately exploit their human capital. Further, sub optimal use of human capital in SMEs has significant knock on effect on the productive capacity of our global economies, given SMEs account for at least 60% of all private sector businesses in most countries worldwide, (ibid).

### **2.1.6 Summary**

The HRM concept is debatable with the positivist perspective stressing the need for incorrigible concepts; hence, HRM being a strategic ideology. Conversely, interpretivism argues there are no concepts awaiting discovery; hence, the use of

observed processes in the work environment to explicate HRM. This debate is characteristic of an abundance of positivist quantitative HRM studies (Lai et al., 2017; Nolan and Garavan, 2016) mostly based on large enterprises, a development that has led to atypical and acontextual knowledge about people management in SMEs. Therefore, there is an increasing call for more qualitative studies that can capture the seemingly contextualized multiple realities of people management in SMEs. Given entrepreneurs acquire, generate and utilize knowledge to know and do what they do via entrepreneurial learning (Pittaway et al., 2015; Cope, 2005), it appears entrepreneurial learning offers an opportunity to demystify how and why SME owner managers manage people in the manner they do. Following next is my review for entrepreneurial learning.

## CHAPTER 2.2

### PRIMARY LITERATURE REVIEW PART 2

#### EXPLOITING ENTREPRENEURIAL LEARNING TO EXPLICATE PEOPLE

#### MANAGEMENT IN SMALL AND MEDIUM ENTERPRISES

##### 2.2.0 Introduction

In this chapter I seek to argue that it is credible and beneficial to explore people management in SMEs from the entrepreneurial learning perspective. My argument is based on research evidence that as entrepreneurs undertake entrepreneurship, they do acquire and generate knowledge via entrepreneurial learning, (Pittaway et al., 2015; Wang and Chugh, 2014; Cope, 2005; Rae, 2005). Entrepreneurial learning is defined in one way as:

*“An inter-related process of creating, recognising and acting on opportunities, combining innovating, decision making and enactment”, (Rae, 2005:2).*

A notable notion in entrepreneurial learning discourse is that entrepreneurs undertake their entrepreneurship within a social environment (Rae, 2005; Chalmers, 1999; Burrell and Morgan, 1979) characteristic of among others family, community, society, beliefs, values, culture and co-entrepreneurs. As they interact within this social environment SME owner managers observe what others do ultimately acquiring and generating knowledge via social learning, (Pittaway et al., 2015; Rae, 2005). This social learning knowledge is also subject to the entrepreneurs' human agency role, for they have the autonomy to choose what knowledge to retrieve from their knowledge reservoir and to enact, (Bandura, 1989). Further, a notable form of social learning is the 'communities of practice effect' (Wenger et al., 2012) in which entrepreneurs imitate entrepreneurial behaviours and practices of their fellow colleagues, Entrepreneurs also learn quite a lot through imitation and trial and error and a significant portion of what they imitate is knowledge gained through social learning, (Hussein et al., 2017; Pittaway et al., 2015; Karatas-Ozkan, 2011). Equally, significant mistakes also arise from the fact that

entrepreneurs are dominantly pragmatic, preferring to learn in action; consequently, without prior knowledge, they are bound to make mistakes as they do and learn at the same time.

The entrepreneurship journey is an arduous one and there are those episodes (critical incidence) that stand out because of their significant positive or negative impact on the venture and the entrepreneur's life. Consequently, these critical incidences are a critical source for entrepreneurial learning, (Pittaway et al., 2015; Karatas-Ozkan, 2011; Cope, 2005). Specifically, they create experiences and emotions which upon reflection, entrepreneurs learn quite a lot. Therefore, entrepreneurship also leads to emotional learning, given it involves the entrepreneurs' personal life and their passions. Overall, the complexity and dynamism of entrepreneurship makes it unpredictable, therefore, entrepreneurs also learn contextually, (ibid). With hindsight knowledge of all these entrepreneurial learning ways, the golden question, therefore, is that, if entrepreneurs do learn through all these various ways as they undertake entrepreneurship, what stops SME owner managers to also leverage on entrepreneurial learning and acquire knowledge to do people management, given they too also undertake entrepreneurship? To address this question, I shall firstly review the entrepreneurship-entrepreneurial learning nexus, followed by the numerous entrepreneurial learning types and dimensions and then conclude by illuminating the potential entrepreneurial learning-people management link.

### **2.2.1 Entrepreneurship-Entrepreneurial Learning Nexus**

There is no single definition for entrepreneurship albeit common in most definitions is how the entrepreneur gathers various economic resources, reconfiguring them through various production processes to profitably produce products or services, (Wang and Chugh, 2014; Casson and Casson, 2014; Cope, 2005; Rae, 2005). Crucially, such products and services are targeted at a specific market opportunity, which the entrepreneurs assess they will compete sustainably, (ibid). Notably, entrepreneurship has an economic perspective (functional), an individual perspective (personality) and a behavioural perspective (entrepreneurial behaviours), (Casson and Casson, 2014; Cope, 2005). Inherent within the behavioural perspective are the behaviours and activities influenced by these behaviours and in this regard, people management

fits in. This is because, entrepreneurs do discharge an attitude towards people management and enact it through executing several activities in the world of work: deciding on people to engage and how to manage them is an entrepreneurial gestation activity, (Phelps et al., 2007). Further, entrepreneurship is very much pragmatic and action oriented and given this perspective, entrepreneurs mostly prefer informality, which enhances their versatility and agility, (Rae, 2017; Casson and Casson, 2014). From the above, indeed entrepreneurship is an action-oriented, risk taking, and innovative process of identifying opportunities and evolving with these opportunities, (Casson and Casson, 2014; Cope, 2005; Rae, 2005).

While entrepreneurship research generally concurs, that entrepreneurs are creative and take risks, the traditional 'trait theory' argues that entrepreneurs are rare breeds and unique heroes: Entrepreneurs are born and not made, (Rae, 1999; Kuratko, 1995). With much research, this trait theory is now less popular, and the current perspective is that entrepreneurs are not born and who is an entrepreneur is the wrong question to ask, thus:

*"I believe the attempt to answer the question 'Who is an entrepreneur?' which focusses on the traits and personality characteristics of entrepreneurs, will neither lead us to a definition of the entrepreneur nor help us to understand the phenomenon of entrepreneurship...who is an entrepreneur? is the wrong question", (Gartner, 1988:3).*

The rationale of the above remark is that anyone has the agency power to decide to become an entrepreneur, albeit this is moderated by contextual factors such as geographic, market environment, political, know how, resources among other factors, (Acs et al., 2013). Further, a notable drawback of the trait theory is that it assumes entrepreneurs do not and cannot learn (i.e. since they have inherent special traits). Conversely, regardless of being forced or making voluntary entrance (Mahto and McDowell, 2018) into business, entrepreneurs do learn, (Wang and Chugh, 2014; Casson and Casson, 2014; Wenneckers et al., 2005; Thurik and Wenneckers, 2004). It is also interesting to note how philosophical positioning influences entrepreneurship understanding. From a positivist and classical economics perspective (America's

dominant view), entrepreneurship in a nutshell entails initial opportunity risk-cost profiling, radical creativity and opportunity exploitation. In this regard, Joseph Schumpeter and Israel Kizner deem an entrepreneur to be a novel hero, risk taker and radical revolutionizer of market opportunities awaiting discovery, (Casson and Casson, 2014). Conversely, an interpretivist and social constructivist view (prevalent in UK and Europe), espouses that unless the owner manager entrepreneur conjures market opportunities, then there are none to discover. Gartner calls this creating market opportunities, (Wang and Chugh, 2014).

Notably, the entrepreneurship discourse is also famous in some circles for raising the argument that not all SME owner managers are entrepreneurs. Arguing this way will not take us anywhere as we end up further muddying the entrepreneurship waters and in any case this argument hinges on the historic personality trait reasoning of asking 'Who is an entrepreneur?'. What is critical is to focus on the entrepreneurial behaviours, such as risk taking and entrepreneurial learning, which all owner managers do, thus:

*"There is now a need for re-focusing research away from the emphasis on picking successful entrepreneurs or picking winners, to identifying key issues in the learning and developmental process of entrepreneurship", (Cope, 2005:5).*

Consequently, a key and more understandable narrative which runs through entrepreneurship research (Pittaway et al., 2015; Cope, 2005) is that entrepreneurs do embark on an entrepreneurship journey in which they learn about everything: about the business, the market, competitors, stakeholders, employees and about themselves, thus:

*"Entrepreneurship is a process of learning, and a theory of entrepreneurship requires a theory of learning", (Cope, 2005:1).*

*"Entrepreneurship involves a learning process, an ability to cope with problems and to learn from those problems", (Cope, 2005:5).*



Given the above, we can indeed ask two crucial logical questions, that is, If entrepreneurs, in undertaking entrepreneurship, do acquire and generate knowledge through entrepreneurial learning (Pittaway et al., 2015; Wang and Chugh, 2014; Cope, 2005), what stops SME owner managers who also undertake entrepreneurship from acquiring and generating knowledge via entrepreneurial learning? If indeed, SME owner managers cannot do this, what theory explains their failure to do so? My argument is that it is not in being labelled entrepreneur that individuals acquire, generate and utilize knowledge via entrepreneurial learning. We cannot even attribute this to the trait theory because it suggests that they are born with special traits not only to become entrepreneurs but to know what to do and be successful in entrepreneurship.

Importantly, I argue that entrepreneurial learning is underpinned by the exercise of entrepreneurship, which is evidenced by discharging the numerous entrepreneurial behaviours (Neneh, 2019; Henley, 2017; Kirkley, 2016; Welter and Smallbone, 2011) and undertaking various entrepreneurial activities (Bayon et al., 2015; Thornton et al., 2011). Furthermore, I contend that SME owner managers or whether we call them business owners are all capable of doing just what our so called 'entrepreneurs' do. My point is, indeed just as Rae, (1999) observes, it is because of the awakened entrepreneurial spirit which drives entrepreneurially motivated individuals, to undertake entrepreneurship, discharge the required entrepreneurial behaviours and execute the required entrepreneurial activities.

I also want to raise a caveat here, that is, entrepreneurial learning is not the only source for knowledge acquisition and generation for SME owner managers, whom I deem the same as entrepreneurs, given my argument above. I am quite aware of how every human being, whether in the exercise of entrepreneurship or not, can acquire and generating knowledge through human non-entrepreneurial learning, (Hussein et al., 2017; Austin, 2015; Hixson, 2004). Growing up from childhood, throughout education and career, individuals are always learning acquiring, generating and utilizing knowledge outside of entrepreneurship. A lot has been researched about learning, hence prevalence of various schools of thought: Behavioural (e.g. John Watson, others being Clark L. Hull, Ivan Pavlov and B.F. Skinner), Cognitive (Edward Tolman, Lev

Vygotsky and Jean Piaget) and Constructivism, (Austin, 2015). Further, I am aware of extant knowledge about learning and knowledge management trajectories in respect of path dependency or path creation underpinning individuals' strategic decisions about their self-identities, (Mahto and McDonald, 2018; Garud et al., 2010). All these forms of human non-entrepreneurial learning and knowledge management are outside the purview of my study. My primary focus is to understand from the point that individuals get entrepreneurially motivated whether by push or pull entrepreneurial motivation (Mahto and McDowell, 2018) how they can potentially leverage on entrepreneurial learning to acquire, generate and utilize knowledge. I am emphasizing the point of being entrepreneurially motivated because it is at this point that their entrepreneurial spirit, which has for long been latent is animated and the discharge of entrepreneurial behaviours and execution of entrepreneurial activities commences, (Neneh, 2019; Acs et al., 2013).

### **2.2.2 Background About Entrepreneurial Learning**

It is very important to note that unlike most mature research fields such as HRM, entrepreneurial learning is still a developing stream of research within entrepreneurship and the debate is less characterized by divergent critical thought. Most of its literature is still at the micro level (individual learning) while its definitions and theory are still evolving, (Karatas-Ozkan, 2011). Specifically, entrepreneurial learning came to the fore as a response to the historic entrepreneurship trait theory (Gartner, 1988), whose implication is that entrepreneurship cannot be taught, because entrepreneurs are born, (Rae, 2005; Rae, 1999). Contending against the trait theory, entrepreneurial learning then emerged arguing that people do learn entrepreneurially as they undertake entrepreneurship (Pittaway et al., 2015; Wang and Chugh, 2014; Cope, 2005). Importantly, the traditional view is that entrepreneurial learning is mostly experiential (Pittaway et al., 2015; Cope, 2005) as shown in the exemplar definition below.

*“Other authors refer to EL [entrepreneurial learning] as the process by which people acquire, assimilate and organize newly formed knowledge with the pre-existing structures, and refers to the ways in which learning affects entrepreneurial action”, (Maleković et al., 2016:4).*

Notably, the only divergent view that arises is when entrepreneurship educators go on to argue that entrepreneurial learning also occurs through the formal teaching of entrepreneurship education, (Rae, 2017). These two views both have merits. With regards to the entrepreneurship education view, its premise is that, while admittedly entrepreneurs dominantly learn via experience, entrepreneurial competence inclusive of skills, attitudes, values and knowledge all can be taught through formal education, (Rae, 2017). This enables the entrepreneur to acquire the entrepreneurial knowledge about the “*know what, know-how and know why*”, (Middleton and Donnellon, 2014:1,8). Specifically, it is very much limiting to only hinge entrepreneurial learning on experience without reflecting on knowledge gained and how this occurred with a view to convert such tacit knowledge into explicit knowledge through teaching, (Massaro et al., 2016; Aldrich and Yang, 2014; Jones et al., 2010; Yew Wong and Aspinwall, 2004).

Conversely, even if one acquires knowledge via this formal entrepreneurship education, however, without putting it into practice (i.e. experience), such entrepreneurial learning is not significant. Notwithstanding this very small debate, the central theme for entrepreneurial learning is about learning from experience during everyday entrepreneurship undertakings to exploit market opportunities, (Rae, 2017; Wang and Chugh, 2014; Karatas-Ozkan, 2011). In starting and growing ventures, entrepreneurs learn how to diagnose and exploit opportunities, mobilizing resources and managing the ventures, *ibid*). Throughout this process, their cognition interacts with experience and they continuously build on their knowledge stocks, (Malekovic, et al., 2016; Cope, 2005; Politis, 2005).

The traditional thinking is that entrepreneurial learning is cognitive and static and entails the cognitive acquisition, processing and evaluation of information leading to outcome of new knowledge that is utilized to address situations and undertake business processes much better than historically, (Karatas-Ozkan, 2011). A key tenet for this orthodox understanding is that owing to newly acquired knowledge “*some actions, are reinforced and others are weakened as new evidence is obtained*”, (Karatas-Ozkan, 2011:4). This perspective of course primarily focuses on ‘aha’ moments while neglecting the social context and dynamism of the entrepreneurial process (Rae, 2017). Given advancement in research, contemporary understanding has gone beyond these

'aha' moments, comprehensively considering how one learns during the entrepreneurial process, ultimately acquiring knowledge from this experience, (Pittaway et al., 2015; Karatas-Ozkan, 2011; Politis, 2005). In this context, entrepreneurial learning is not static but dynamic and involves social processes and context: from preparing to get into business, new venture start up, growth and throughout the entrepreneurship journey, the entrepreneur is always learning, hence their knowledge is cumulative, (Pittaway et al., 2015; Cope, 2005; Rae, 2005). To attest this, Cope, (2005:15) stresses "*awareness, reflection, association, and application*" are all the intricate facets that enmeshes entrepreneurial learning with the stock of knowledge generated being utilized "*long after the experience itself*". This discourse of entrepreneurial learning, indeed as Middleton and Donnellon, (2014:8) observes, is better understood in the light of four key questions that Rae, (2005) identifies, and these are:

- How does the sense of personal identity change as individuals enact entrepreneurial behaviours?
- How do people learn to work in entrepreneurial ways?
- What theories of entrepreneurship can be drawn from people's accounts and sense-making of their experiences?
- Is it possible to develop a useful conceptual model of entrepreneurial learning?

Consequently, given all the above, it is indeed, quite apparent that entrepreneurial learning is not static but dynamic. Further, I would argue that entrepreneurial learning occurs predominantly via experience albeit also stimulated via entrepreneurship education. Below is an elaboration of the numerous types for entrepreneurial learning occurs.

### **2.2.3 Entrepreneurial Learning Types**

Extant knowledge shows that entrepreneurial learning can occur in these numerous ways: experience, critical incidents, routine, action, trial and error, emotional, imitation, reflection, contextually, socially, (Pittaway et al., 2015, Wang and Chugh, 2014; Karatas-Ozkan, 2011; Cope, 2005; Rae, 2005).

### ***Experiential learning***

Of all the various ways through which entrepreneurial learning occurs, it is widely evidenced that entrepreneurs learn via experience, (Pittaway et al., 2015; Wang and Chugh, 2014; Karatas-Ozkan, 2011; Politis, 2005; Cope, 2005, Rae, 2005). Experiential learning as defined by Kolb is:

*“the process whereby knowledge is created through the transformation of experience”,* (Pittaway et al., 2015:4).

The hidden meaning in the above definition is that when entrepreneurs master the know-how from real world repeated practices within a social context, they generate idiosyncratic understandings, which they can apply in future situations, (Pittaway et al., 2015). This brings in the aspect of knowledge management in which through writing, memorizing, and storing they can easily access such knowledge, (Massaro et al., 2016; Aldrich and Yang, 2014; Jones et al., 2010; Yew Wong and Aspinwall, 2004). At the same time, Hixson’s (2004:1) *“behavioural repertoires”* or *“cusps”* also applies here, and it is in this context that experience becomes the best teacher.

Most importantly, engaging in practice alone does not amount to experiential learning but the entrepreneurs must undergo the full iterative cycle of experiential learning which involves these recursive interrelationships of Kolb’s experiential learning theory: Concrete Experience, Reflection Observation, Active Conceptualizing, Acting Experience, (Pittaway et al., 2015); or simply: Experience, Observe, Conceptualize and Plan. However, going through the above full learning cycle is quite challenging, for example, it is very difficult to reflect while at the same time engaging in current experience, which is what the learning loop Concrete Experience and Reflection Observation demands. Other setbacks include the assumption that power relations are equal, possibility of a contextual reflection, and that learning is only ex-post.

Despite the above setbacks, experiential learning provides opportunities to both gain knowledge from the experience and to make mistakes and further learn from them. Ultimately, entrepreneurs inevitably build a learning curve and most importantly a tradition of this is what works for me. Arguably, this ‘what works for me’ paradigm

potentially becomes the orthodoxy of how entrepreneurs do business including how to manage people. This provides an opportunity to explore the potential of owner managers to leverage on their people management experiential learning (e.g. during their careers or previous businesses) to enact people management in their current businesses.

### ***Critical Incidents And Routine Learning***

Apart from being experiential, entrepreneurial learning also takes place through 'critical incidents. These are unique outstanding events such as success or failure or any other significant unique occurrence (e.g. near bankruptcy) which shakes up the entrepreneur, leaving them mostly revolutionized in their 'what works for me' paradigm of doing things, (Pittaway et al., 2015; Wang and Chugh, 2014; Cope, 2005). Consequently, this creates an opportunity to explore the possibility and extent to which these critical incidents spur owner managers to do people management in a certain way.

Apart from critical incidents, entrepreneurs learn significantly through routinized behaviours and even learn more, than they do from critical incidents, (Pittaway et al., 2015; Karatas-Ozkan, 2011; Rae, 2005; Cope, 2005). The 'what works for me' paradigm generated by experiential learning undoubtedly creates routines: the preferred way of doing certain tasks. In addition, the continued execution of routines inescapably perfects proficiency ultimately enhancing knowledge in that 'know how'. Further, it stands to reason that routines also unavoidably becomes the frontier to first confront new things and thus get challenged. If routines are still relevant, they, therefore, get affirmed and perpetuated. However, if the experience with new knowledge disproves routines, they, therefore, get discarded.

### ***Action Learning***

Entrepreneurship research indicates that entrepreneurs are mostly opportunistic and pragmatic people who love action more than talking about it, (Jones et al., 2014; Cope, 2005). Consequently, they also learn very much through action, and in doing so, also very often transfer their knowledge to those around them, such as employees, (Jones et al., 2010; Cope, 2005). As they learn tacitly by doing, they inevitably adapt continuously and at the same time generating various routines, that is, diverse

'behavioural repertoires' or 'cusps', (Hixson, 2004). This 'action learning-routine-adaptive learning nexus' leads to the generation of daily knowledge and new norms, hence, building stock of knowledge, for use in the future. A crucial tenet of action learning is versatility with which to keep discharging adaptive entrepreneurial behaviours that fully considers the social context and at the same time adequately reflecting on the action, the process and knowledge gained.

### ***Imitation, Trial And Error And Emotional Learning***

Entrepreneurial learning also takes place through imitation, trial and error as well as emotionally. Research shows that SME owner manager entrepreneurs are mostly cost averse and because of this, instead of paying an expert, they mostly prefer to seek advice from their fellow colleagues or simply observe how their colleague's do things, and then strive to do the same, (Joauen and Lasch, 2015; Basco, 2014; Rizzo and Fulford, 2012; Chin-Ju, 2010). Consequently, this proclivity to observe and do like what their colleagues do (communities of practice effect) leads to entrepreneurial learning via imitation, (Hussein et al., 2017; Wenger et al., 2012). Imitation learning provides these entrepreneurs with an opportunity to modify, (Hussein et al., 2017; Pittaway et al., 2015; Katz et al., 2000). Once they master this 'imitated practice' or 'know how' they treasure it as part of their stock of knowledge, always accessing and utilizing it as part of their routines until these routines gets challenged by new and better knowledge.

When owner managers imitate, they either do it very well or not so well and in all cases, mistakes are bound to happen. Critically, even in executing non imitated practices, making mistakes is prevalent. Consequently, well knitted together with learning through action and via imitation is the aspect of learning through trial and error, (Karatas-Ozkan, 2011; Cope, 2005; Politis, 2005). Some of these mistakes are quite fatal and have potential to turn into critical incidents, which further enhances entrepreneurial learning thus:

*“entrepreneurs have myopic foresight; they process information, make mistakes, update their decisional algorithms and possibly through this struggle improve their performance”, (Karatas-Ozkan, 2011:4).*

The struggle that Karatas-Ozkan is talking about encompasses all the experiences these entrepreneurs encounter in their mostly very difficult entrepreneurship journeys, which are inevitably entrepreneurial learning journeys, inclusive of making mistakes. Because of their adverse effects, mistakes and failures tends to be more dominant in their impact on learning than success, (Pittaway et al., 2015). Put together, both success and failure constellate to make this entrepreneurship journey very much an emotional journey. In pursuit of their dreams, entrepreneurs commit their time, finance and other material resources and very often failing along the way, losing money and even having their family and other close relationships adversely affected. To emerge victorious through all this, entails not just embracing success, failure and mistakes but importantly, learning emotionally, (Pittaway et al., 2015; Karatas-Ozkan, 2011; Cope, 2005; Rae, 2005).

This entrepreneurial learning via emotions just does not occur independently albeit involves lots of reflection as the owner managers evokes those emotions from their historic or current experiences and draw lessons from it, ultimately influencing their future behaviour (ibid). Therefore, upon reflection it is easy for one to shed tears when they recall where they came from and what they went through.

### ***Reflection, Social Context And Social Learning***

Entrepreneurs also learn via reflection. Simply put entrepreneurship is an action-oriented process (Mahto and McDowel, 2018; Schlaegel and Koenig, 2014; Carsrud and Brannback, 2011) in which entrepreneurs always look back (reflect), drawing lessons from the past to guide their future entrepreneurial behaviours. Indeed, experience only becomes meaningful and significant through reflection without which there is no learning. Just as Pittaway et al., (2015) notes even ‘cognitive change’ requires reflection and most successful entrepreneurs are reflective individuals, thus:

*“learning takes place through an ongoing, dialectical process of action and reflection”, (Cope, 2005:13).*

Entrepreneurial learning also occurs within a certain context. Notably, entrepreneurs are never located in the same place and situation as they do business. Essentially,



entrepreneurs operate within diverse socio-economic cultural and political spheres. Consequently, being highly context dependent, entrepreneurial learning is characteristic of ambiguity, uncertainty and ever-changing learning experiences and outcomes, (Pittaway et al., 2015). Mistakes, failure, success, emotions are all integral to these diverse contextual learning. Entrepreneurship is not only contextualized but also significantly a social process during which entrepreneurs interact with others in society (e.g. home, education, work, church) and in the business environment, (Rae, 2005). Ultimately, they have an opportunity to learn several things that they watch others do, hence this social learning later translates into imitation learning as they put into practice what was socialized in them many years ago, (Pittaway et al., 2015). Therefore, entrepreneurs are always learning about:

*“oneself...the business...the environment...entrepreneurial networks...small business management...the nature and management of relationships”, (Cope, 2005:8).*

Given the above, the hallmark of entrepreneurial learning is indeed “*experiential, situational and contextual*”, (Rae 2017:8). Specifically, SME owner managers’ diverse entrepreneurial skills inclusive of ‘know how and know who’ build strong social capital, which they exploit in their efforts of reorganizing resources and operations in pursuit of their personal vision and goals, (Karatas-Ozkan, (2011).

#### **2.2.4 Entrepreneurial Learning Dimensions**

Whereas entrepreneurs can acquire and generate knowledge through different entrepreneurial learning ways, they can also do this in different dimensions, namely, individual versus collective learning, exploratory or exploitative learning, and intuitive versus sensing learning, (Wang and Chugh, 2014).

Individual learning refers to entrepreneurs’ acquisition of “*data, information, skill or knowledge*” while collective learning entails “*social process of cumulative knowledge, based on a set of shared rules and procedures*”, (Wang and Chugh, 2014:13). To ensure clarity, collective learning examples include learning at these levels: “*team, organizational, regional and international*”, (ibid). Further, critical about individual and

collective learning is the social context in which this learning takes place, for instance, who do you know (formal and informal networks) what do you know, how, when and where. The how question in this dimension of learning indicates that entrepreneurs “*accumulate such knowledge overtime*”, (ibid).

Exploratory learning involves “*discovery through enactment and interpretation to generate enough variations* (about phenomenon), (Wang and Chugh, 2014:14). It is very much ‘ex post’ variance seeking, experiential in nature and buoyed by new knowledge generation. Ultimately, it leads to some internal transformation and enhancing performance variance. Key tenets include “*searching, variation, risk taking, experimentation, play, flexibility, and discovery*”, (ibid). Contrary to this ex post learning, entrepreneurs also learn in ‘ex ante’ fashion through “*mean-seeking directed planning and control to limit variety achieved*” ultimately enhancing mean performance. This is exploitative learning and its key tenets entail “*acquisition and assimilation of existing knowledge that exists outside the firm*” and encompasses “*refinement, choice, production, efficiency, selection, implementation, and execution*”, and closely associated with trial and error, (ibid).

Intuitive learning entails “*learning by knowing relationships of facts through discovering possibilities*”, (Wang and Chugh, 2014:14). Key tenets are ‘abstract thinking and higher-level conceptual thinking, discovering possibilities and creating new opportunities. Although the positivistic term discovery is used, to the contrary this type of learning is interpretivist and social constructionist. This is demonstrated in that social networking leads entrepreneurs to have “*situated experiences and relationships*” (i.e. contextual learning) which later develop into intuition and the “*ability to recognise opportunities*”, (Rae, 2005:5). On the other hand, sensemaking learning is positivistic in nature, because, entrepreneurs are “*concrete practical thinkers*” who leverage on their “*great knowledge of facts and details acquired from external contacts*” and apply their strong “*analytical skills to discover opportunities existing in the environment*”, (Wang and Chugh, 2014:14)..

Given the above reviews, I now articulate below how the entrepreneurial learning perspective is potentially useful in exploring people management in SMEs.

### **2.2.5 Exploring HRM: An Entrepreneurial Learning Perspective**

As I mentioned in the preceding chapter, the knowledge gap within the current discourse about people management in SMEs can potentially be explored from the entrepreneurial learning perspective. The rationale is that if those individuals who undertake entrepreneurship acquire and generate knowledge via entrepreneurial learning, surely SME owner managers should also do the same, given they also undertake entrepreneurship. In this regard, extant knowledge that entrepreneurs acquire and generate knowledge via experiential entrepreneurial learning (Pittaway et al., 2015; Karatas-Ozkan, 2011; Cope, 2005) provides a good basis for me to explore how prior people management knowledge gained either during education, career or previous business can, if at all, influence the shaping and enactment of today's and tomorrow's people management. That entrepreneurship critical incidents (ibid) leave an indelible mark is a firm premise for me to explore if at all, SME owner managers are influenced by these incidents in their approach to people management.

Similarly, my study has an opportunity to investigate what routines do these SME owner managers have in managing their people if any and how they adapt these routines to their dynamic environment, (ibid). Further, a basis also exists for me to investigate how SME owner managers can potentially exploit their people management action, learning from it (i.e. doing) while adapting to changes in; for example, labour market, product and service supply and how this potentially affects their approach to people management, (ibid). Equally, the entrepreneurial learning perspective provides a platform for my study to explore if SME owner managers do imitate as well as engage in trial and error (ibid) as they manage their people and if so, the impact of such trial and error as well as imitation on their approach to people management.

Further, given all their years of entrepreneurship and what they have gone through, I have an opportunity to explore entrepreneurship emotions and how these impact SME owner managers if at all, to approach people management in the manner that they do. Similarly, that SME owner managers are social agents who actively participate in social processes provides a good premise for me to explore if at all they acquire and generate people management knowledge via social learning; for instance, through societal knowledge domains such as families, friends, educational and religious institutions,

world of work as well as networking, (Pittaway et al., 2015; Karatas-Ozkan, 2011; Cope, 2005). Further, that entrepreneurship has diverse contexts, gives me the basis to investigate if disparate contexts leads SME owner managers to understand and approach people management differently. Given that it is quite challenging to reflect and engage in action (experience) at the same time, my study has an opportunity to explore if at all SME owner managers reflect “*inward*”, “*outward*”, “*forward*” and “*backward*” to generate “*higher order learning*” ultimately applying “*abstract and vicarious knowledge*” to the way they do people management, (Pittaway et al., 2015:7)

That SME owner managers are human beings known to build social relations; this provides me with a basis to explore if they do build social networks along their entrepreneurship journeys. If so, then further investigate possibilities of ‘community of practice’ social learning (Wenger et al., 2012) as well as potential for collective learning in doing people management. I can also draw on extant knowledge about exploratory entrepreneurial learning dimension (Wang and Chugh, 2014) to investigate to what extent, if at all, is people management in SMEs more emerging, as the SME owner managers mostly incline towards intuition, action and trial and error learning, discovery, reflection and adaptation. Equally, I have an opportunity to explore if at all SME owner managers draw on their sensemaking and exploitative entrepreneurial learning, leading to a more rational and analytical approach towards people management with evident plans to do so, (ibid). Furthermore, that entrepreneurs also learn about themselves as they direct and get directed by their ventures is a good rationale for me to explore variability of SME owner managers’ strategic choices, goals, control desire, risk-cost propensity (Child, 1997; Hambrick, 2007) as they respond to dynamism of their ventures inclusive of tipping points such as people management, Phelps et al., (2007) and dynamism of their market, (Gilman et al., 2015).

In addition, because entrepreneurial behaviours are discharged in pursuit of entrepreneurial goals, there is opportunity to explore how people management potentially shapes around these goals: getting developed and directed accordingly. Because doing entrepreneurship entails novelty in risk and cost profiling of opportunities before exploiting them (Casson and Casson, 2014; Wenneckers et al., 2005; Thurik and Wenneckers, 2004; Gartner, 1988), this provides a premise to explore

how people management is possibly influenced by risk-cost propensity, among other factors. When entrepreneurship extant knowledge takes the perspective that entrepreneurship is mostly engaged in the informal mode (Rae, 2017), a platform is provided to explore how in doing people management, owner manager entrepreneurs underpin on informality and to what extent.

Another distinct feature in the entrepreneurship extant knowledge is the notion of unpredictability and multiple transformations along the entrepreneurial journey, (Casson and Casson, 2014; Harrison and Leitch, 2005; Wennekers et al., 2005). To this end, my study has a basis to explore how potentially people management in SMEs is also transformative and evolving as these owner managers discharge their various everchanging entrepreneurial behaviours. In addition, that entrepreneurship is a social process which encompasses creativity in being opportunistic and strategic thinking is a good enough premise for my study to explore the possibility of people management having similar characteristics. From the classical economic definitions of entrepreneurship and the entrepreneur, the notion of rationality and risk-cost profiling takes the limelight, (Hulbert et al., 2015; Hvide and Panos, 2014; Gilmore et al., 2004). At the same time, entrepreneurship literature points to entrepreneurial learning along the entrepreneurship journey, (Wang and Chugh, 2014; Lichtenstein et al., 2007; Rae, 2005). In this regard, my study has a basis to explore the potential of owner managers to learn via entrepreneurial learning how to do people management along this entrepreneurial journey.

Further, drawing on the interpretivist and constructivist perspective of entrepreneurship, a premise exists to explore the potential of multiple realities of people management, given, entrepreneurship cannot be detached from the owner manager, who inevitably, make disparate social constructions and interpretations of what is business and what people management entails to them. In addition, there is already more than anecdotal evidence suggesting that the role of entrepreneurship and by extension entrepreneurial learning in HRM has not been comprehensively explored and yet there is some evidence that affirms the crucial role of HRM in entrepreneurship, (Zotto and Gustafsson, 2007); thus:

*“Not only is there very little research at the crossroads of entrepreneurship and human resource management, but there is also tremendous opportunity for expanding our knowledge of these topics... why have entrepreneurship researchers avoided the HRM issues?”, (Katz et al., 2000:1).*

*“...although the fields of entrepreneurship and HRM (human resources management) are well developed and recognised disciplines of study by themselves, the combination of the two have been overlooked”, [Andrews and Welbourne, (2000) in Gilman and Raby, (2008:11)].*

The import of all the above evidence is that if there is a nexus between entrepreneurship and HRM and the two seemingly influence each other, then surely entrepreneurial learning, which is a stream within entrepreneurship should also potentially have some impact on HRM. Arguing in this manner has empirical support, for even Aldrich and Young, (2014) in their topical question: how do entrepreneurs know what to do? intimate that it is through learning. So surely, SME owner managers cannot learn about everything else and fail to engage in entrepreneurial learning about HRM. Indeed, arguably, exploiting two concepts: HRM and entrepreneurial learning to explicate how owner managers do people management brings some fresh insights into the discourse about people management in SMEs.

### **2.2.6 Summary**

The argument in this chapter is that if by engaging in entrepreneurship, an individual acquires, generates and utilizes knowledge to do their entrepreneurial activities, then SME owner managers, should also leverage on entrepreneurial learning to acquire, generate and utilize knowledge to manage people. This is because SME owner managers engage in entrepreneurship and managing people is an entrepreneurial business activity. Therefore, entrepreneurial learning potentially provides a novel perspective within which to investigate the possibility of SME owner managers to leverage on their experience, trial and error, action, imitation, routines, social, context, and reflection to get to know how to manage people. The next chapter is research context.

## CHAPTER 3

### METHODOLOGY

#### 3.0 Introduction

I adapted constructivism grounded theory research strategy and through its initial, focused and theoretical coding, interpreted the people management lived experiences of 29 SME owner managers and one Minister of Religion. Below is a detailed account of my methodology.

#### 3.1 Philosophical Underpinning

Central to my research problem is the mostly 'atypical' and 'acontextual' knowledge (Mayson and Barrett, 2017; Marlow et al., 2010) we have about people management in SMEs. Nolan and Garavan, (2016) even suggest the need for us to develop a theory for HRM in SMEs. Inevitably, addressing my research problem entails explicating my philosophical understanding about it. This is so because a research problem encompasses phenomena, and the latter is a constituent part of reality, whose nature I should configure philosophically. Philosophy concerns itself with issues of life, existence and knowledge, (Chalmers, 1999) and what constitutes knowledge and how to acquire, generate or construct it is not universal. Therefore, indeed, as Charmaz, (2006) notes, we conduct research within the contours of philosophical battles in which our view of reality (ontology) and how we understand this reality (epistemology) influences how we scope our research problem, construct our research question, and the kind of knowledge we will generate to address such a research problem.

Given the above, my philosophical orientation is interpretivism and social constructionism. I believe that although there are things I cannot change, for instance, I was born into an already existing world, there is a lot that I can do and change. I strive to understand the story behind the story, dialoguing within myself and with others, interpreting and making meanings from action, words, customs and symbols in pursuit of constructing the meaning of life and how worthy I can live it while contributing to a better world. Therefore, to get a closer and deeper understanding of people management in SMEs, as an interpretivist and social constructionist, I sought to

decipher meaning from the point of view of the owner managers themselves. Their point of view is vital given my acknowledgement that the SME owner managers have lived experiences about managing people and that they also variably construct and develop heuristics about what managing people entails.

Consequently, people management in SMEs appears to be a matter of multiple realities given diversity in socially constructed meanings for managing people. Further, I also conceive that in seeking to interpret people management, SME owner managers also engage in yet another social construction exercise in which they strive to conjure who they want to be, what they are currently and how business and managing people can contribute to their self-identities or illusions of their future selves, (Hines and Quinn, 2005). Consequently, throughout this social construction milieu, SME owner managers tend to build their competences in doing business and managing people to effectively pursue their self-identities (Mahto and McDowell, 2018) and end-goals (Dunkelberg et al., 2013). Further, I conjure that inevitably, their entrepreneurship journey is an entrepreneurial learning journey in which they seem to be always learning about both themselves and their businesses, (Wang and Chugh, 2014; Rae, 2005; Cope, 2005). Therefore, to effectively interpret people management in SMEs I sought to, in the words of Hines and Quinn,

*“Present a socially sensitised, critical and reflexive perspective from the point of view of those who experience [people management]”, (Hines and Quinn, 2005:8).*

Further, considering our limited knowledge about people management in SMEs is also in part due to the crowding out of the SME owner manager’s point of view and the dearth of idiographic inquiry, interpretivism and social constructionism, therefore, lends themselves more useful than any other philosophical paradigms, thus:

*“By contrast [to quantitative research], qualitative research [underpinned by interpretivism] is likely to yield a deeper understanding of the complex reality of HRM in practice and expose the dynamics of organizational systems”, (Beer et al., 2015:6).*



### **3.2 Research Approach, Logic And Strategy**

Underpinned by a qualitative approach, I became a co-participant with my SME owner managers in reminiscing their people management lived experiences, (De Jaegher and Paolo, 2007) which enabled me to sense make (Weick et al., 2005) and frame (Goffman, 1974) what people management entails from their point of view and within a contextualized perspective, (Mayson and Barrett, 2017; Marlow et al., 2010). Of the six main qualitative research strategies, namely, action research, narrative, phenomenology, ethnography, case study and grounded theory, I chose the latter and specifically, constructivism grounded theory (Charmaz, 2006), which I adapted to suit my study's key tenets.

I exploited grounded theory because it provided me with the opportunity to develop an exploratory substantive theory for people management in SMEs. This exploratory theory is critical not least because to the best of my knowledge, there is no substantive theory for people management in SMEs, but, in addition, our knowledge about people management in SMEs is mostly deterministic, (Mayson and Barrett, 2017; Nolan and Garavan, 2016; Marlow et al., 2010; Marlow, 2006). Grounded theory also fits in very well with the interpretivist, qualitative and inductive research design, (Dunne, 2011; Charmaz, 2006).

#### ***Grounded Theory Approach***

Grounded theory was founded by Barney Glaser and Anselm Strauss in response to the inadequacy of positivist extant knowledge to comprehensively explicate the dying phenomenon in hospitals, (Glaser and Strauss, 1967). Although today there are several versions of grounded theory, in general, grounded theory is a study that seeks to develop theory from empirical data. In its strictest sense, to ensure that this theory is indeed informed by the empirical data (i.e. grounded) the study avoids undertaking a literature review before data collection or generation and precludes prior knowledge or use of extant knowledge concepts and theories. This issue of 'delay literature review' is contentious and has since led to proliferation of several grounded theory versions, the major ones which I shall articulate later.

To select participants, in general grounded theory avoids purposive or convenience sampling but commences by identifying a single participant who characterizes the phenomenon of interest. Consequently, by holding an initial conversation with this participant and analyzing this narrative, the researcher identifies issues of interest which they will use to determine which next participant to interview. Therefore, the sample grows in this fashion and this is called theoretical sampling, (Glaser and Strauss, 1967). Data analysis is done through initial coding of participant narratives into short phrases that denote what either a sentence or passage is all about. These initial codes are later grouped together according to the various themes they represent. The third stage of analysis involves identifying either a single key theme or a few key themes that underpins what is going on, and from this, comes the substantive theory, (Charmaz, 2006; Glaser and Strauss, 1967).

This analysis stage is also contested albeit the classical (Glaser and Strauss, 1967) perspective forbids engaging extant knowledge to allow the theory to emerge freely. Recourse to literature is only done either in the final stages of developing the substantive theory or after the theory has been developed, thus incorporating relevant extant knowledge concepts into the theory and or using them for comparative analysis, (Glaser, 1998).

### ***Grounded Theory Versions***

Given disparate views about when to do a literature review in a grounded theory study, I could have opted to use the purist classical grounded theory (Glaser and Strauss, 1967); hence, avoid doing a literature review before generating my data, avoiding any recourse to extant knowledge during data interpretation and only do so in the final moments of developing the substantive theory or after developing it. Had I used this strategy, whose remaining founding father is Glaser, (1998), the advantage is to generate data via induction, without influence from extant knowledge or prior conceptions (i.e. by using reflexivity). Analysis is through three stages: initial, focused and theoretical coding. The disadvantage, however, is that, theoretical sampling is time consuming. Another setback is that, I would not have comprehensively explored the multiple realities of people management, for this classical grounded theory version seeks after an objective reality, hence, it only makes use of one key category,

dismissing all the other themes or focused codes. Further, being post-positivist, I would have been detached from the phenomenon of study, given my objectivism stance.

My other option was to do a literature review before data generation and use extant knowledge concepts as sensitizing conceptual framework to guide my data generation, (Urquhart, 2007; Strauss and Corbin, 1998). In addition, I would have proceeded to use only three data analysis coding stages: Initial, focused and theoretical, (Urquhart, 2007) or four stages: Initial, focused, open, theoretical, (Strauss and Corbin, 1998). Under open coding, I would have made recourse to extant knowledge and construct a framework that would further guide my data analysis. In all cases, my rationale would be to establish a few key objective realities of people management. As is quite clear, had I used this approach, the disadvantage once again is that of time-consuming theoretical sampling, my being detached from my participants as I seek for an objective reality. Critically, exploiting extant knowledge concepts to guide my data generation as well as a robust framework to guide my data analysis risks polluting my substantive theory, (Glaser, 1998; Charmaz, 2006).

My third option would have been to use the classical constructivism grounded theory (Charmaz, 2006), in which case I would have avoided doing a literature review before generating my data. Instead, I would have used my preconceived ideas about people management and construct a framework to serve as my point of departure into data generation. My data analysis would have avoided any recourse to extant knowledge and only doing so at the final moment of developing the substantive theory. The disadvantage of this approach is that, still theoretical sampling is time consuming albeit the main advantage is that as a social constructionist, I would have better positioned myself to explore the multiple realities of people management.

I also had a fourth option, that is, the contemporary 'middle ground' grounded theory approach, (Ramalho et al., 2015; Giles et al., 2013; Dunne, 2011). This approach strives to comply with different aspects of the above dominant grounded theory versions (Urquhart, 2007; Charmaz, 2006; Glaser, 1998; Strauss and Corbin, 1998; Glaser and Strauss, 1967). In this regard, this middle ground approach calls for the conduction of two literature reviews. The first is a preliminary literature review, which

avoids delving into the substantive area of research, thus complying with the compromise positions of Glaser's, (1998) and Charmaz, (2006). This basic review can be used to construct a conceptual framework to guide data collection thus complying with (Strauss and Corbin, 1998; Urquhart, 2007) or it can be shelved via reflexivity only to be used towards the end during final moments of developing the substantive theory or after, hence, these remarks.

*"If so, [if you had no option but to do a preliminary literature review] you can let this material lie fallow until after you have developed your categories and the analytic relationships between them", (Charmaz, 2006:166).*

*"It is necessary for the grounded theorist to know many theoretical codes in order to be sensitive to rendering explicitly the subtleties of the relationships in his data", (Glaser, 1978:72)*

Notably, throughout data analysis, the researcher can make basic recourse to extant knowledge by signposting potential areas for engagement of results with literature. In this regard, in some ways it complies with the traditional academic stance that extant knowledge should not be ignored, (Urquhart, 2007; Strauss and Corbin, 1998). This basic sign posting does not so much violate dictums by purists (Glaser and Strauss, 1967); Glaser, 1998) and by the constructivist (Charmaz, (2006) given this is not detailed engagement with extant knowledge. Finally, the researcher conducts a comprehensive secondary literature review in the final moments of developing the substantive theory or after, thus upholding Charmaz, (2006), Glaser, (1998), Glaser and Strauss, (1967). Importantly, the term 'middle ground' approach is in respect of treating literature review in a grounded theory study and crucially, the study still must be aligned either as a post-positivist or constructivist study.

Given the above four versions of grounded theory I express my views as follows. With respect to the 'middle ground' approach (Dunne, 2011), I interpret that not only does the preliminary review has to be basic, but it can still be comprehensive. The research can even as Urquhart, (2007) and Charmaz, (2006) notes still use reflexivity to bar extant knowledge from influencing data generation. Subsequently, the secondary

literature review can then be basic. I argue in this manner because we are all not tabula rasa (Charmaz, 2006) neither are we as Dunne, (2011) reports “*empty vessels*”, “*clean theoretical slates*” nor “*theoretical virgins*”. Indeed,

*'We all bring to the inquiry a considerable background in professional and disciplinary literature', (Strauss and Corbin, 1990:48).*

Because of the above, I concur with Urquhart when she remarks

*“There is no reason why a researcher cannot be self-aware and be able to appreciate other theories without imposing them on the data...The injunction that no literature that relates to the phenomena should be studied before coding the data is one of the most widespread reasons for the lack of use of grounded theory”, (Urquhart, 2007:351).*

Consequently, in the light of all the above evidence, I found Charmaz, (2006)’ constructivism version as well as the ‘middle ground approach’ to be the most suitable strategies for my study. Although both involve the time-consuming theoretical sampling, unlike the other versions (Urquhart, 2007; Glaser, 1998; Straus and Corbin, 1998) I could through these two approaches exploit social constructionism to explore the multiple realities of people management. However, given classical constructivism grounded theory’s additional challenge of avoiding literature review before conducting the study, I exploited the ‘middle ground’ approach’s stance on literature review, still oriented myself in the constructivism perspective, thus, coming up with an adapted constructivism grounded theory strategy.

A notable adaptation I did was to prefer purposive over theoretical sampling as well to avoid exploiting my preconceived ideas as my point of departure. Instead, I exploited Glaser, (1998)’s inductive perspective, hence I introduced an innovation (not present in all versions of grounded theory) of developing a sensitizing conceptual framework from empirical data. I also deviated from the middle ground approach by not having an initial basic literature review followed with a comprehensive review. What I did was a comprehensive review enough to induct me in the discourse about people management

in SMEs albeit as the founding grounded theory dictum points out (Glaser, 1998) avoided the substantive area of my research problem, here in, enactment of people management practices. I also departed from the middle ground stance (Dunne, 2011) of flagging up extant knowledge during data interpretation but only reverted to literature in my final moments of developing the substantive theory, thus complying with both Charmaz, (2006) and Glaser, (1998). Further, my second review is not a traditional literature review as Dunne, (2011) suggests but follows Charmaz, (2006)'s footprints of identifying themes in empirical data and establishing what extant knowledge landscape these traverses. The rationale, as both Charmaz, (2006) and Glaser, (1998) directs, being to then incorporate such extant knowledge concepts as more data for theorizing and development of the substantive theory.

### **3.3 Selection Of Participants**

While there is no unanimity regarding sample size in qualitative research the trend is to have at least 30 participants, (Myers, 2013; Thomson, 2011; Mason, 2010), hence I complied accordingly. Notably, for interview-based theory generating studies, sample size can range from 4-10 (Eisenhardt, 1989). Francis et al., (2010) recommends an initial 10, then followed by subsequent subsets of three interviews until category satisfaction/sufficiency. With hindsight knowledge of this extant knowledge and to maximize limited resources, I avoided undertaking theoretical sampling but purposively (Thomson, 2011; Mason, 2010) selected participants. My sampling criteria were driven by the need to generate as much rich diverse data as possible to enhance comprehensive exploration of the seemingly multiple realities of people management in SMEs.

Consequently, I selected 30 SME owner managers based on whosoever was an SME entrepreneur recruiting between 0-249 employees (DBEIS, 2019) and operating in Greater Manchester, for easier accessibility. Notably, my sample meets the adequacy criterion for interview-based theory generating studies. Specifically, I grew my sample by conducting the first individual interview and making preliminary data interpretation in batches of three interviews, repeated this process until I interviewed all the 30 participants (Francis et al., 2010). I concurrently sampled and generated data because owner managers are extremely busy, and once they consent to take part in the

research, its advantageous to do the interview straight away, unlike waiting to assemble 30 participants and then start to fix interview appointments.

To reach out to prospective participants, I surfed various websites in search for business profiles that indicates these ventures are SMEs. I then sent out 80 very brief emails (Appendix B, page 317) introducing my study and myself and requested their participation. I also sent 23 email invites to Greater Manchester Business Awards Lists, for years 2016 and 2017. Further, I sent emails to 15 different SME stakeholders inclusive of Manchester Growth Hub, Manchester Central Library, Greater Manchester Chamber of Commerce, Federation of Small Businesses, Institute of Small Business and Entrepreneurship, Manchester Pro SME Club; TBE Budding Entrepreneurs Club, Business Gateway, including several Manchester Metropolitan University's centres, clubs, and departments, namely: Career and Employability, Public Engagement, Centre for Enterprise, Centre for People and Performance, Innospace, Department for Strategy and Entrepreneurship and the Entrepreneurship Club.

Further, I tracked events on Eventbrite, ultimately attending several events including various business networking groups such as Manchester South, 4Networking and Business Executive Club. I also attended entrepreneurship events such as business expos (e.g. Stockport Expo, North West Expo) as well as attending Entrepreneurial Spark events. In all these places I handed out 415 A6 flyers (Appendix B, page 317), which briefly introduced my study and solicited for participation. In addition, I activated my dormant LinkedIn account and send out 450 invites (Appendix A, page 316) to SME owner managers, directors and other businesspeople, ultimately growing my network from 3 to 435 in two months while simultaneously requesting their participation. Consequently, from all the above sources, I was able to recruit more than 30 participants: Indeed, I did not struggle getting participants, except for those operating medium enterprises. Upon obtaining favourable response, I furnished my participants with the formal study introductory letter (Appendix C, page 318), preliminary background questions (Appendix D, page 319) and consent forms (Appendix E, page 320), which we all signed and agreed on an interview date.

### **3.4 Data Generation Sources And Instruments**

I used interviews so I could explore in-depth (Myers, 2013; Creswell, 2013) people management in SMEs from the point of view of the SME owner managers. Not only could I explore the topical issue but also the broad context in which SME owner managers manage people. Through interviews I could probe further just as we discussed, hence managed to clarify issues and follow new leads; hence, I ended up interviewing a Minister of Religion. Further, it is interviews and not focus groups and observations that predominantly underpin qualitative theory development studies, (Myers, 2013; Creswell, 2013; Thomson, 2011; Mason, 2010; Francis et al., 2010; Charmaz, 2006; Eisenhardt, 1989).

Had I opted for focus groups, it meant putting participants into groups and make them discuss people issues. This dilutes individual narratives, for some SME owner managers would not be comfortable to share their lived experiences and further it is time consuming: a resource both myself and my participant lacked. Equally, using observation would have meant that I would either have worked as an employee or line manager or just become a guest and observe real time how these SME owner managers managed their people. Apart from being also time consuming, observation would have precluded my participants from discharging their real selves, knowing they are being observed, (Creswell, 2013; Myers, 2013). Therefore, I chose interviews, and given time constraints, most interviews lasted an hour.

My research instruments were an interview guide (Appendix F, page 321), three smart phones, a special clock-cum-audio recorder, a general miniature audio recorder, and a laptop. I used several audio recording equipment to insure against equipment failure, which indeed occurred. Given my social constructionist stance to be closely embedded in data, I manually transcribed participants' interviews and backed up on several gadgets (USB flash, laptop, desktop, cloud) to insure against data loss. I also used Nvivo to code transcripts as well as a storage database.



### **3.5 Data Generation Procedures**

#### ***3.5.1 Developing The Sensitizing Conceptual Framework***

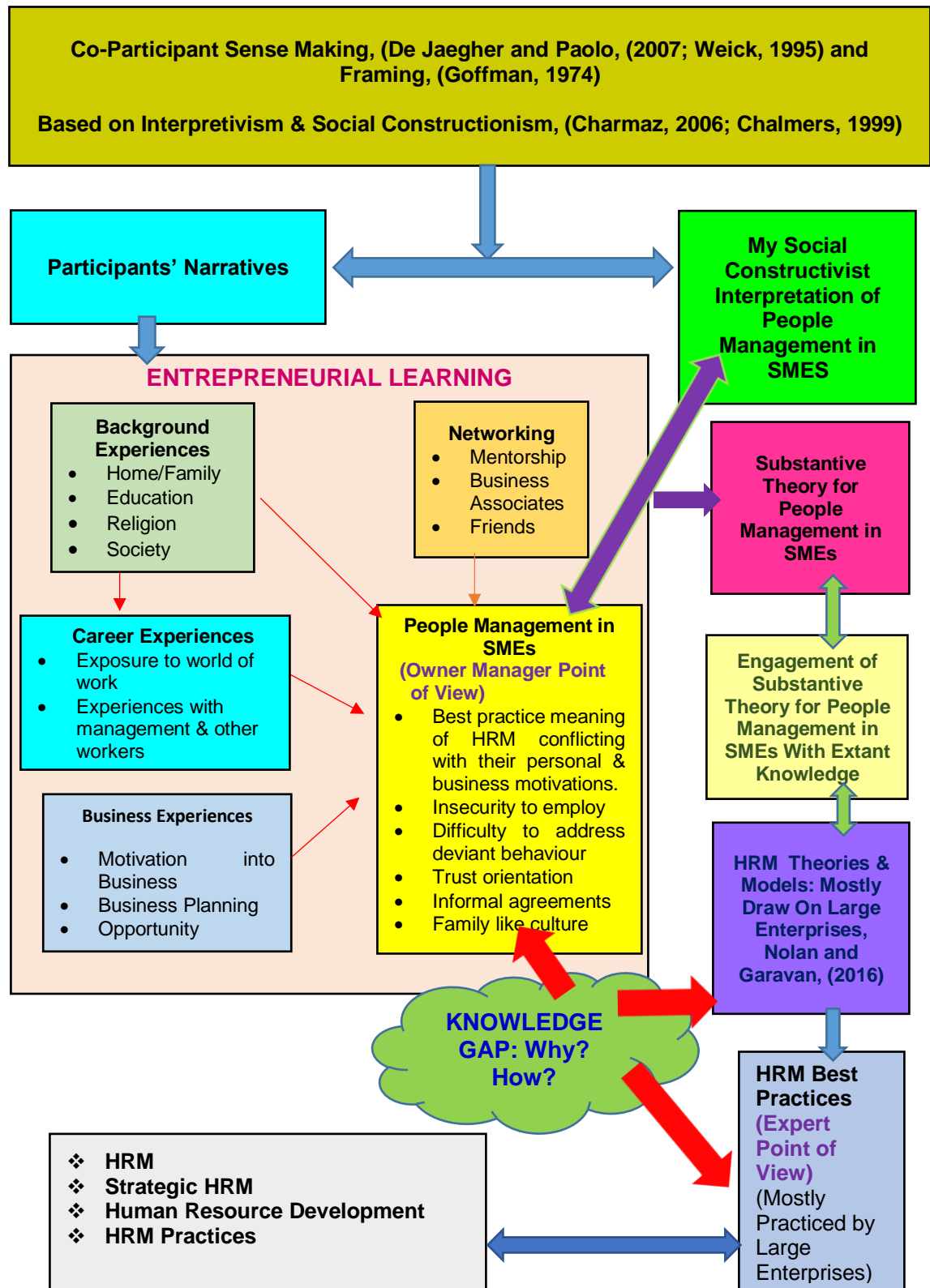
I innovated Glaser's (1998) inductive perspective and Francis et al., (2010)'s iterative batch data generation and analysis to firstly develop a sensitizing conceptual framework and then generate and analyze data in batch fashion. Specifically, Francis et al., (2010) firstly conducted 10 interviews and analyzed them collectively. Upon failing to reach category sufficiency, they then repeatedly conducted additional interviews analyzing them in subsets of three transcripts until they attained category sufficiency. Sufficiency here replaces the traditional category saturation meaning, attesting how the researcher decides that their diverse data interpretations is adequately rigor and comprehensively illuminates the studied phenomena, (Charmaz, 2006).

Consequently, in the footsteps of Francis et al., (2010) I innovatively applied this approach by interpreting my entire data, not some of it, in batches of three interviews. I asked my first three earliest respondents this key question: 'What is it like to run your own business and manage your own people?' This is a departure from the objectivist grounded theory stance of using an extant knowledge laden conceptual framework to guide interview questions. My point of departure into data generation is also equally different from the classical constructivism grounded theory (Charmaz, 2006) of using preconceived research interests as a sensitizing tool to influence data generation. This type of open-ended indirect key question is akin to peeling off the onion scales to get an understanding of what is inside: It is stepwise and revelatory. This approach enabled me to uphold the founding principle of grounded theory (Glaser and Strauss, 1967) that of not using my own preconceptions to guide data generation.

Specifically, through reflexivity, I shelved my prior knowledge (because I am not tabula rasa) and entered the field to join my first three participants in co-creating meanings about managing people through their lived experiences about people management, (De Jaegher and Paolo, 2007; Charmaz, 2006; Weick et al., 2005). Consequently, through this 'onion-peeling like key questioning' I was able to gradually unveil people issues without influencing my participants to respond to such issues through a

structured questionnaire. Ultimately, I interpreted and framed (Goffman, 1974) what it is like to manage people from the SME owner managers' point of view.

When I went through these three initial transcripts asking the critical theorizing questions of what is this data about? Who are the persons involved? What are the indicative relationships? What is striking about this narrative? (Charmaz, 2006) I found out that although their narratives were significantly different, they all fitted under these key themes: Personal Background, Career Experiences, Business Experiences, Networking Experiences and Entrepreneurial Learning Experiences. Please note that I have provided rich empirical data for these categories and duly articulated them in the results chapters, which is where such empirical data belongs. Therefore, given these key categories, I constructed the following sensitizing conceptual framework underpinned exclusively by empirical data.



**Fig 3.1 Sensitizing Conceptual Framework For People Management in SMEs**

As shown in Fig 3.1 above, participants narratives points to a situation where these three SME owner managers seems to draw on entrepreneurial learning to process knowledge, which they acquired via their background and career experiences, into relevant new knowledge fit for entrepreneurship. At the same time, these owner managers appear to be exploiting entrepreneurial learning to acquire and generate new knowledge via their business and networking experiences. Specifically, with regards to people management these owner managers seem to leverage on this 'entrepreneurial learning acquired knowledge' to develop their understanding of what it is like to manage people. Crucially, it seems it is this people management understanding they generate which then informs their approach to managing people.

Notably, as shown in the yellow box marked People Management in SMEs, these early participants tend to experience some tension or conflict between their own people management understanding and how they would want to enact it versus what 'best practice' HRM entails. This tension is there because on one hand, these SME owner managers seem to base on their personal ambitions and their business motivation to interpret how people management can fit into their larger business scheme of things. On the other hand, best practice HRM theories and models largely draw on people issues in large enterprises and yet SMEs are distinctively different, (Lai et al., 2017; Jaouen and Lasch, 2015; Basco, 2014).

Importantly, the above sensitizing conceptual framework does not only illuminate how SME owner managers tend to do people management but in addition, it highlights the current knowledge gap about people management in SMEs. The yellow box in Fig 3.1 shows this knowledge gap as being due to, among other issues, the disparity in how SMEs conceptualize and enact people management vis-a-vis best practice HRM theories and models. Secondly, this knowledge gap is also due to the exclusion of the owner manager's voice in the mainstream HRM discourse, (Lai et al., 2017; Nolan and Garavan, 2016). Therefore, the purple box indicates that what we know about people management in SMEs mostly draws on people issues in large enterprises and not SMEs.

### ***3.5.2 Entering The Setting And Data Generation***

Upon obtaining participant consent, I immediately fixed an interview appointment and as a social constructionist, I always fitted myself into my participants' preferred time and venue. However, I always stressed the need for a conducive place. In this regard, I undertook my interviews mostly in offices, a couple in cafes, a few in homes. Interview scheduling did not always turn out as planned, for I had several rescheduling, even 11 withdrawals, owing to unforeseen commitments. I had to do one interview in a pub: although, we had that morning confirmed our home meeting over email and phone, my participant forgot about our meeting because something just came up. Therefore, he had to rush to the pub to meet his prospective client, and so I had to follow him there. Apparently, this interview turns out to be one of the most interesting and quite significant in terms of its contribution to my study. In starting the interviews, first were customary greetings, after which, I recounted the purpose of my study and assured my participants of their privacy. In all cases, I mentioned we were going to have a conversation about their lived experiences operating their own business(es) and managing their own people and not an interview. The term interview tends to connote that I as the researcher am superior to them and or they are under scrutiny, unlike conversation, which depicts mutual dialogue: a teaching I learnt from my philosophy lecturer, Professor Tony Hines. Through this conversational approach, I ensured my participants were free and relaxed: my participants mostly had their cup of coffee while I enjoyed my favourite hot chocolate. Further, I would always ask them when I could now turn on the audio recorders, when they needed to refill their cups and throughout our conversations, my participants were in control of their narratives while I weaved in to ensure they reminisced within the contours of my research objectives.

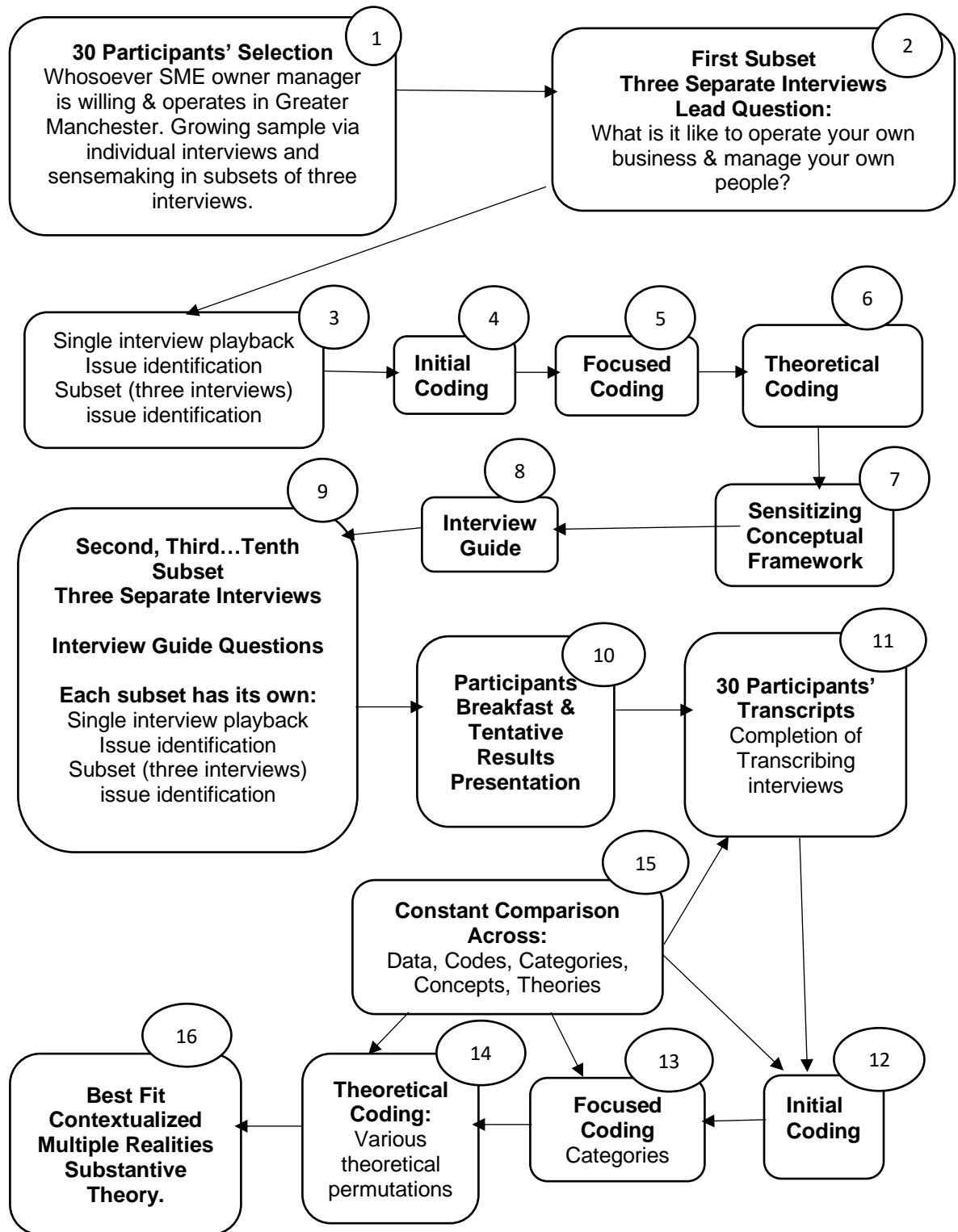
Having noticed how my initial three participants had started by narrating their personal backgrounds: their names, birth places and family, education, and career, I then shaped my interview guide to prompt participants to introduce themselves before gradually narrating their people management lived experiences. As they recounted their life, business and people management experiences I was very much alert to capture all non-verbal cues as much as I could, such as, frowns, silence, scratching the head, changing seat positions, change of voice tone, yawning, jovial and cold facial expressions, and tears amongst others. All these are vital in an interpretive social

constructionist study, for they constitute the context for meaning creation, (Creswell, 2013; Charmaz, 2006; Chalmers, 1999). As such, I could understand that a certain yawn implied they are tired, or not interested in the subject matter. Consequently, I responded accordingly by either prompting that we could take a coffee break to which they would gladly accept, some even verbally acknowledged that they needed a break. Alternatively, I would quickly change that theme, issue or aspect of our discussion to another one to avoid forcing my participant to dwell on an issue they appeared not interested in. However, I would also find a way of coming back to it from another perspective, should such an issue be vital for my study. Upon concluding my interviews, I thanked my participants and requested their permission to further contact them, should I need to clarify some issues and they obliged. I once again reassured them of their privacy and that after completion of the study, I would email them an abstract of the findings and then invite them for a breakfast feedback meeting.

### ***3.5.3 Iterative Data Generation, Capturing, Theoretical Sensemaking And Creativity***

When I commenced data generation, I also started theorizing albeit at a lower scale in comparison with the intense critical inquiry and creative conjecturing that I did during theoretical coding, (Charmaz, 2006). I interlaced my theorization within my iterative data generation and interpretation: after each interview, I would playback the narratives, intensely and critically listen to the narratives asking 'What is this narrative saying? Doing this enhanced my theoretical sensitivity (Glaser, 1998) and creativity through which I began to envision numerous relationships and their potential influencing factors. This also helped me to pick up any critical issues or themes coming out from each narrative, ultimately guiding what and how I should explore in my next interview and inter batch (three interviews) interpretations. Essentially, I did not always stick to my interview guide nor ask these questions in the same order or phraseology but followed my interpretation of previous and the current ongoing interview. Therefore, although I had originally sampled 30 SME owner managers, I ended up substituting one SME owner manager with a Minister of Religion who works closely with entrepreneurs. The rationale was for me to explore a significant theme about spirituality which I kept observing. Had it been a positivistic research, I would have religiously followed my interview form. This iterative data generation and interpretation as well as

constant comparison, influencing subsequent data generation in some ways served as an adapted version of theoretical sampling. Below is a visual expression of my data generation trajectory.



**Fig 3.2 Iterative Data Generation And Sensemaking**

As depicted in Fig 4.2 above, I commenced my iterative data generation and interpretation by sampling, followed by constructing the sensitizing conceptual framework, the iterative data generation and constant comparison up to initial, focused and theoretical coding. Throughout this initial theorizing process, I captured my creative theoretical thoughts by writing numerous pop up notes, (see Appendix G, page 324).

When I finished data generation process, as I had promised my participants, I invited all of them for a breakfast thank you meeting (Step 10 above). My primary objective was to thank them for taking part in my study and allow them to network amongst themselves. Meeting with other participants is an issue they had all consented to prior to taking part in my study. Further, during this meeting I also presented my tentative findings giving my participants an opportunity to feedback. Importantly, this was not at all another data generation exercise neither was it an evaluation exercise as implied under a positivist objectivist research (Urquhart, 2007; Eisenhardt, 1989), in which evidence triangulation is sought. In any case, I had not yet embarked on my comprehensive data interpretation, hence such an evidence triangulation would not have worked. Importantly, this meeting attests the social constructionist view of remaining closer to participants, forging stronger relationships for future studies as well as further heightening theoretical sensitivity. It was refreshing to note the general unanimity among my SME owner managers in respect of how they identified with my tentative findings and how this in addition challenged their approach to managing people.

After this initial participants' breakfast thank you meeting, I then embarked on completing my transcription of all the 30 interviews (step 11, Fig 4.2 above), subsequently delving into my comprehensive data sensemaking.

### **3.6 Data Sensemaking**

As shown in step 12, Fig 4.2 above, I began my comprehensive sensemaking by critically reading through each sentence asking, 'what is this sentence about?' Who is saying this? Why and how are they saying it? How are they feeling about it? Indeed, all these questions helped me to commence unravelling and interpreting what is going on here, (Charmaz, 2006; Glaser, 1998). Through this line by line interpretation, I coded



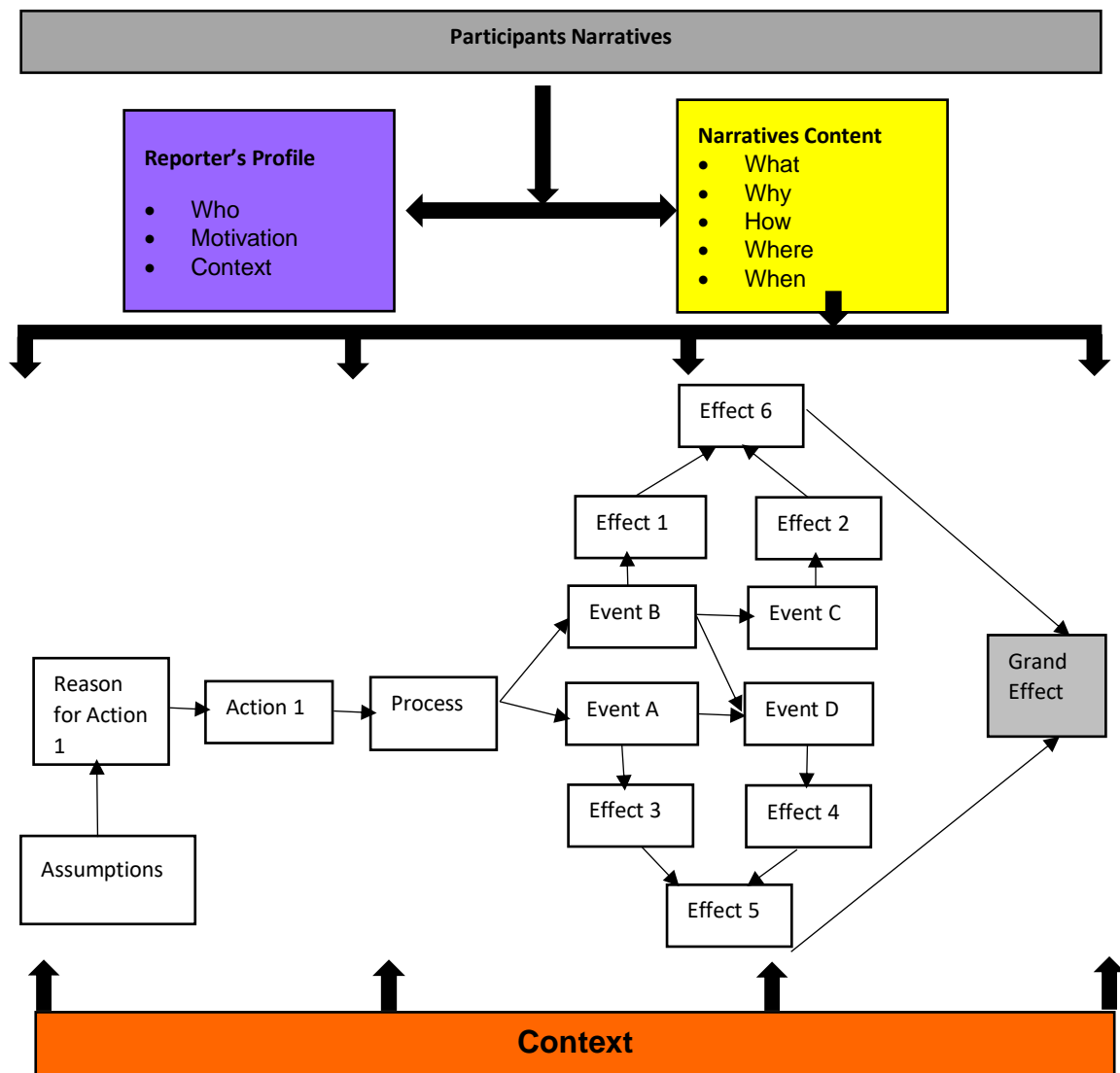
or gave a title to each sentence using my own interpretation of what it stands for albeit coining it using the SME owner managers' terminology (Nvivo phrases). This constituted my initial coding, (Charmaz, 2006). Through this line by line coding I captured the broad context of the people management phenomenon. I would have missed this context had I used the positivist approach of presupposing key categories or key influencing factors. In this case, I would have only coded specific data or parts of interview transcripts relevant to my would-be objectivist hypotheses, (Andrade, 2009; Glaser and Strauss, 1967; Eisenhardt, 1989).

Proceeding (step 13, Fig 4.2) I then aggregated all these initial codes under an umbrella meaning or interpretation of what these codes commonly talk about. This aggregation constitutes my focused codes, (Charmaz, 2006). Some of these codes were quite dominant in terms of housing more initial codes or significantly illuminated what is going on and these represent the key categories, see below.

**Table 3.1 FOCUSED CODING FOR THE STUDY**

<b>FOCUSED CODES</b>	<b>SUB-CATEGORIES</b>	
Demographic profile		
Entrepreneurship Journey,		
Entrepreneurial Learning		
Upbringing		
Career Experience		
Business Experience		
Networking		
Entrepreneurial Motivation		
Beliefs and Values		
Knowledge Management	Knowledge Acquisition & Utilization	
Ideas Planning, and Action		
People Management	Attitude Towards Employees	
	Attitude Towards Managing Employees	
	Enactment Of People Management	Recruiting Triggers, Recruiting Ideals, Recruiting Ideals Drivers, Job Roles & Reporting, Recruitment, Selection, Contract & Deployment Work Ethos & Relations, Meetings & Communication, Training & Development, Performance Appraisal Rewards & Compensation, Grievance & Discipline, Entrepreneurial Learning

From focused coding, I embarked on theoretical coding, which is my highest realm of theorizing (step 14, Fig 3.2). Whereas since the inception of data generation I had been jotting small theoretical notes, it is in this apex phase of theorizing that I wrote theoretical memos for each participant and categorized them in subset of three interviews. To intensely explore, theorize and write theoretical memos, I critically interrogated my participants narratives in respect of the theoretical questions: What? Why? How? Where? see figure below.



**Fig 3.3 Intense Theorizing Process**

In critically analyzing the narratives (yellow box) I theorized about the owner managers' actions, their underlying assumptions, driving factors, action/behaviour, choice of words, context, and ultimate resultant meaning, (Charmaz, 2006; Pentland, 1999). Further, I interrogated the influence of such meaning on subsequent narratives or next parts of speech by the same participant and across participants. Doing this intense theoretical critical sensemaking enabled me to unravel why and how my participants said what they said, did what they did and still do what they do in respect of people management. It is through this intense theorizing that I raised the key categories I constructed in step 13 into these theoretical concepts: entrepreneurial motivation, values, entrepreneurial learning, entrepreneurial intention, goals, knowledge

management, strategy, people management understanding, self-identity and open systems. Some theoretical concepts such as self-identity and open systems emanate from extant knowledge concepts, which earned their way into my theorizing (i.e. I did not impose them on my data, see Chapter 5, pages 193-211) but became more data incorporated into my theorizing, (Charmaz, 2006; Glaser, 1998). Crucially, it is these theoretical concepts that anchor my substantive theory.

As demonstrative of this intense theorizing process (step 15, Fig 3.3 above) I had to engage in iterative constant comparison of data, codes, categories, concepts and various permutations of substantive theories until I eventually constructed a more suitable best-fit substantive theory that explains the people management phenomenon in SMEs, (i.e. step 16). Specifically, given this iterative nature, I first experienced category sufficiency during making sense of my third subset (7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> transcript), implying I could have opted to end here and generate my substantive theory. Of course, I proceeded and once more, it was category sufficiency for my next subset (10<sup>th</sup>, 11<sup>th</sup> and 12<sup>th</sup> transcript).

Continuing to do theoretical coding for an additional subset (13<sup>th</sup>, 14<sup>th</sup> and 15<sup>th</sup> transcript) I yet again affirmed category sufficiency. It is therefore, after having done both focused coding and theoretical coding of 15 participants that I stopped incorporating additional transcripts to the existing 15 and try once more to decipher possible substantive theories. The import of this is that, indeed, category sufficiency in interview-based theory generating studies can be attained as from nine to fifteen interview cases beyond which arguably, it would be mostly serving the purpose of increasing the density of the theory and the options to cite examples to attest it. This observation affirms current postulations about category sufficiency points, (Francis et al., 2010; Eisenhardt, 1989).

After generating my substantive theory, I subjected it to a thorough discourse with extant knowledge and identified its contribution to knowledge. In writing up my thesis, I mostly used the narrative form, which is characteristic of qualitative research, (Creswell, 2013; Charmaz, 2006). However, in presenting my substantive theory, I provided a blend of conceptual frameworks (i.e. one positivistic way of presenting

theory) and narrative form (i.e. classical constructivist way of presenting interpretivist theory) and this depicts the novelty of my adapted constructivist grounded theory.

### **3.7 Research Ethics**

It is a cardinal tenet for researchers to do research ethically given threats and risks that can adversely impact on both the participants and the researcher. In this regard I undertook a special course on research ethics before embarking on my study. Further, my research design underwent assessment by our research ethics committee. Research ethics is all about what is morally right. It is a division of study within philosophy and is very often used interchangeably with morals, (Wiles, 2013). To ensure my study was ethical, I identified ethical issues that needed attention before I could proceed with my research. Such ethical concerns mostly constitute principlist ethical issues: informed consent, capacity, confidentiality, and anonymity, risk. In this regard, I ensured I only interviewed adults who had the capacity to weigh risks and benefits and thus make an informed consent for participating in my research, (ibid). Consequently, to enable my participants to make this informed consent I provided them well in advance with adequate information about my research, (Appendix C, page 318 and Appendix E, page 320).

Further, I ensured their confidentiality by not only giving them pseudonyms to enhance anonymity, but I also did not use any information that can expose their identity. In this case, I have excluded some quotations, which although would have further advanced the objectives of my research, such quotations, will threaten the confidentiality of my participants. In addition, I made sure I did not use any questions or conduct myself in ways that poses harm or risk or the wellbeing of my participants. In general, I did my research guided by the principlist ethical framework (Wiles, 2013) in which I affirmed my responsibility to do good (beneficence), avoid harm (non-maleficence), right balance between benefits and burden of research (justice).

Apart from this framework, I also relied on my personal integrity as a researcher who strives to do what is beneficial to both individual and society. In this regard, I exercised due care throughout my research. Importantly, this was very helpfully because in as much as the principlist ethical framework provides us with sound guidelines concerning

ethics in research, however, ethics in social sciences is also very much contextual and situated: some ethical issues just crop up in the middle of research and one has to make a moral judgement to address these issues. In my case, when I saw one of my participants shed tears, as they recounted an emotional experience, I quickly helped the situation by giving them a clean tissue to wipe off their tears, given they were struggling to open their bag to get a tissue, which I had seen them using in the lift. I followed this by encouraging them not to ponder over that experience and to move on to other experiences. Importantly, I resumed our conversation after finding out from them if they still wanted us to continue, for which they consented.

### **3.8 Summary**

Underpinned by my interpretivist and social constructionist epistemology, I envisage that SME owner managers seemingly have diverse social construction frontiers, one of which, encompasses, conjecturing their aspired self-identities and evaluating the gap between their current self and their future self. The second frontier is how they seem to construct their idiosyncratic meanings about people management and how this understanding can contribute to their self-identities: thus, people management seemingly appears to be self-identity driven. Therefore, I used an adapted constructivist grounded theory research strategy, a qualitative approach and exploited interviews to explore people management from the point of view of my SME owner managers. Specifically, I used an empirical data laden sensitizing conceptual framework to guide my data generation, which I interpreted through initial, focused and theoretical coding. The next chapter are my findings.

## **CHAPTER 4.1**

### **RESULTS PART ONE**

#### **OWNER MANAGERS' SHARED AND**

#### **DISPARATE VIEWS ABOUT PEOPLE MANAGEMENT**

##### **4.1.0 Introduction**

This is the first instalment of my four results chapters and its purpose is to enlighten our knowledge in respect of SME owner managers' people management views. Chapter 4.2 addresses my second research objective of theorizing how SME owner managers conceptualize people management. Chapters 4.3-4.4 presents my theorization about the enactment of people management. Before presenting results for this chapter, I will firstly introduce my SME owner manager participants.

##### **4.1.1 Participants Profile**

My study comprises of 29 SME owner managers (6 Female and 23 Male) plus one male Minister of religion who is actively involved in the SME sector. The terms employees, contractors and workers in this study are used with the same interpretation they have in the UK, (ACAS, 2019; Russel, 2006). My participants are diverse in terms of business experience and I denote nascent entrepreneurs to be those with 0-5 years business experience, seasoned entrepreneurs (6-10 years), very seasoned entrepreneurs (11-19 years) and veteran entrepreneurs (20 years and above). They are also diverse in respect of their ages, entrepreneurial motivation, end-goals, education and people management approach among other factors, see Appendix O, pages 333-335 and Appendix Q, pages 337-341. Seven owner managers are necessity entrepreneurs having been forced (push entrepreneurial motivation) by redundancy to get into entrepreneurship while 22 owner managers are opportunity entrepreneurs, having made a voluntary decision (pull entrepreneurial motivation) to get into business.

My data interpretation shows that my SME owner managers hold both some generally common and quite disparate views about people management. I now discuss these below.

#### **4.1.2 Owner Managers' Shared Views About People Management**

My participant SME owner managers hold common views in respect of general people management understanding and how to enact it.

##### ***Establishing People Management Understanding***

It is a common belief among my participant owner managers that they cannot just manage people without having their own understanding about what managing people entails. Consequently, they would define people management in their unique ways, thus:

*"...managing a lot of individuals, being able to motivate them", (Peter).*

*"Trying to understand what makes people think and act the way they do", (George).*

*"...being able to coordinate the activities of your staff to be able to get full potential or maximum potential out of them whilst also maintaining profitability of the organization as well", (Emeka).*

Closely related to the above view is that of 'Setting the vision and end-goal'. The shared belief among my participant is that people management must be a means to attain their visions and end-goals, thus:

*"...there is a vision. Eer, to say this is what we wanna achieve as a media agency. Eer, I think obviously I first set a clear vision of eer, what's going on and set the expectations. Eer, a lot has to do with constantly visiting the vision. So, it's not a case of setting the vision and that's it, but everybody goes off. Eer, I am constantly finding everybody needs to be realigned", (Petkar).*



Clearly, Petkar realigns people management to fit his strategic vision and end goal.

'Putting structure and procedures' is a third collectively held view in which my participants opine that in operating business and doing people management, there should be some form of structure and procedures. However, the nature of such structure and procedures differ from one owner manager to another, thus:

*"...the first thing is to have a non-hierarchical management structure. So as much as possible to devolve the responsibilities of the factory eer, sort of down the layers so that there is not many layers of management", (Eliah).*

To compliment structure, Batista stresses: *"...then you have to put the procedures in place"*.

Related to the above, my participant owner managers commonly think that without 'Engaging people' they will mostly find it very difficult to exploit structure, policy and procedures to achieve their set vision and end-goals. However, they go on to differ in respect of who to recruit employees or contractors or workers; family members or non-family members. Therefore, one owner manager who prefers recruiting employees, remarks:

*"Eer, its people that make the business without any question...I am interested in the task, but I know I cannot achieve the task without the people. I need to work with people to get things done", (Henry).*

Conversely, a typical owner manager who prefers contractors over employees asserts:

*"There are different ways of having people work with you...so you can bring people in as associates", (Lucy).*

Notably, only three (Craig, Isaac, Kane) owner managers prefer working alone in 'lone wolf style'. However, as they traverse their entrepreneurship journeys these views do change, leading to transitioning of people management, (page 238). A fifth view that

resonates amongst them all is 'awareness and acknowledgement that people management is very difficult'. To attest this, a very seasoned owner manager who prefers outsourcing expresses his frustration in managing employees as follows:

*"For me being a micro business I do not have a constant headache of staff [i.e. employees] coming to me and say I am sick, I need to go home, I am not well, I am taking holidays, eer, I am pregnant, eer, I have got a migraine, because all the staff that do that you are paying them for being off. I haven't got the money to pay them for being off. I have got jobs that need doing! that need doing now!", (Alberto).*

Equally, two nascent owner managers who also favours outsourcing, remonstrates against managing employees as follows:

*"I think it's [people management] very difficult I think to maintain that fluidity. We have to have that, all that you expect like staff handbook, behavioural policy and all the other rubbish things. So, trying to escape, [i.e. avoiding recruiting employees] doing your own thing [so he can do his own things by himself working alone]", (Densel).*

*"Eeerh, I find it quite intimidating. Certainly, it's kind of like you are children isn't it? Suddenly you have got responsibility for people", (Austin).*

Even veteran owner manager entrepreneurs also find managing people quite tough, thus one of them, who now prefers working alone, affirms:

*"I found employing people [long pause] quite difficult [pause] interviewing them, deciding on people to join me in the business, and then managing them I didn't find it the easiest of skills", (Kane).*

Similarly, owner managers who prefer recruiting employees attests managing people is very difficult, thus:

*“Eer, it’s [people management] difficult, it’s difficult...finding the right people is always difficult...eer, HR and recruitment is a different story especially creative people...finding the right person I have always found it very difficult”, (Petkar).*

*“Ok, the most difficult thing, one of the most difficult things is when you have, when you employ people. Because it varies; structure varies, you know you are bogged down on a Monday and so many variants”, (Harold).*

*“I think it’s [people management] very difficult, I think it depends on eer the member of staff you employ... it’s a very difficult balance because people are so motivated differently”, (Frank).*

*“...it’s almost impossible to understand why people do what they do”, (George).*

Clearly, all SME owner managers regardless of their attitudes towards employees deem people management is very difficult. Summarizing this difficulty, a very seasoned and a veteran owner manager remarks respectively as follows:

*“...probably the relationship between people and an organization get it right and it’s a force for good, get it wrong and it’s a constant headache”, (Erick).*

*“it [people management] feels like gross responsibility but also feels like you can share the burden and if you get it right and you got the right people then it feels liberating because then all of a sudden you have got this greater ability greater energy you didn’t have without them, so, I think it’s got two sides”, (Craig).*

The next common view my participants hold is about the importance of ‘Ensuring you have the required people management skills and knowledge’. Consequently, they explain how they draw on their actual and perceived people management competence and attitude towards employees to make people management decisions, thus:

*“I don’t know anything about the guiding rules and regulations”, (Austin).*

*“My fears...I want to explain to them [employees] what it is that I want...I don't have the ability to see through the interview process to see people who will actually enjoy the work; who want satisfaction in the work; who want to get that buzz; who will care about the customers; and in fact they just don't want to do the minimum amount of work or I suppose part, the bigger part of that is I will recruit the wrong people”, (Isaac).*

*“Now, I know I am not good at employing staff, so, I normally have these three: me do it; don't do it or pay somebody to outsource it”, (Alberto).*

Notably, Alberto's stance is not just an approach to recruitment but to people management. Importantly, it foretells the substantive theory about how some of these owner managers do people management.

To wind off on shared views, all my participants commonly and strongly believe in 'Assessing people management risk and cost' before deciding on their people management approach. A leading employer of both employees and contractors, therefore, affirms:

*“It [being an employer] gives you some great freedom it's immensely satisfying but worrying at times you know because of the risks, personal risk if anybody hurts themselves in our organization you know that sort of stuff...you've got your own personal health [to worry about]. I worry about my staff, if they are ok and all their families”*

In the same vein, Lucy, emphasizes:

*“[by outsourcing] you don't have people issues like legalities with emoluments and pensions”.*

Overall, what is quite apparent is that my SME owner managers find managing people difficult because of the complex nature of managing people, lack of theoretical people management knowledge, lack of people management practical experience, negative

attitude towards employees and managing them, perceived people management competence, low cost-risk propensity. These seven factors arise from their narratives above, while the eighth factor, that is, a negative attitude towards employment regulation appears in the next passages, (e.g. page 87).

### ***Enacting People Management***

My participant owner managers commonly believe in recruiting based on 'skill, experience, person fit while underplaying academic qualifications'. The following attests this.

*"I don't go on academic qualifications, if anything, if they got a first, I wouldn't consider them; seriously, because I know that all the people who got a first in my university stream were useless. They were only good in academics and not been able to survive and they haven't been able to survive in the real world....In fact I rate A Level higher than university as a measure of intelligence", (Demetrieve).*

*"And so, in my own situation when I am recruiting, I am more interested in the person than I am necessarily about the, the qualifications and for me it's very important", (Bobby).*

'Surrounding yourself with a trustworthy core team' is yet another shared view especially among those that recruit employees. The belief is that doing people management will be easier if they build a core team of trustworthy and loyal people who can be just employees or family members or close friends or a combination of these. This is affirmed as follows:

*"... but I also rely on my immediate circle [close friends and loyal employees] yah that they will understand where I am coming from", (Anzhelika).*

*"...it's a good thing sometimes to surround yourself with people who are stronger than you who are willing to give their time and help you and build that relationship really", (Frank).*

My participants also feel the same when it comes to ‘Fostering close relationships and treating employees respectfully and fairly’, thus:

*“Well I just think treat people properly, respect them, give them training, look after the people...give them all the tools they need to do the job; motivate people, support them, and I think if you do that, you get the best out of people”, (Lucy).*

*“So, I think until you get to know those people you are not gonna be able to manage everybody and I think especially as you grow as you take on more people from different backgrounds as we are trying to do”, (Peter).*

*“Uumm, yaah, it [employment relations] will be highly based on mutual trust, which is why I would like to know them [employees] prior”, (Austin).*

*“...you know at work trust is critical ...So the whole thing is built on trust”, (Luke).*

*“...treating them [employees] fairly and with respect. Be honest about, and firm about what you want to achieve. Be worry of fragile egos”, (Sasha).*

*“Treating an organization as almost an organism rather than a factory. Eer, so you know it’s the binding together of the people that will make it function well”, (Erick).*

‘Giving Employees Freedom’ is a fourth shared belief that characterizes enactment of people management, hence, the general avoidance of strict supervision and domineering. Densel, therefore, acknowledges:

*“So, I wouldn’t micro-manage, I would facilitate their role and give them the freedom”*

Equally, Luke clarifies delegation and influence as follows:

*“...you got to influence people...if you lead by influence [not domineering], people are gonna do the right things even when you are not there...if you delegate to someone it's also putting yourself on that same authority”.*

Although in enacting people management, my participant owner managers differ in respect of administering performance management, they hold the same view that people management should encompass monitoring and assessing performance. Erick affirms this as follows:

*“...you provide feedback mechanism, so, they and you can see, eer, that they in essence, they are doing the job you want them to do and they are doing it well. Fundamentally they have the right tools to do their job; eer, they are doing what they are good at; eer, an opportunity to get them more formal feedback, to get a chance to think about their own development”.*

My participant owner managers also commonly believe that ‘Addressing grievances and disciplinary issues’ is a key ingredient for effectively enacting people management. Nevertheless, possessing the skill and knowledge to do so is quite problematic to them, thus:

*“Well it depends on what the behaviour it is [deviancy] but highlighting that as quickly as possible and as appropriate as possible...So, it could be that's a behaviour that's unacceptable and you have to let them go, which behaviour with the right encouragement they will conform hopefully”, (Emeka).*

*“You know, if there is eer [deviancy]...you just need to understand what is bad and how to address it, otherwise people just take the mickey and swing the lad”, (Doug).*

‘Adapting people management’ to changes in their macro-economic environment is yet another shared view among my participants, thus:

*“Eer, but I would suggest that depending on the dynamics of the people you employ you would probably, eer, manage in an unchanging fashion then may be up to 3 or 4 you will then have to have a reassessment and then manage things eer [slightly different] up to a level may be until you get to 10. I have been told the figure in my head that when a business gets to 17 employees you have to bring a different tier of management because things will get a little bit more unwieldy”, (George).*

Lorraine also comments on the difficulty of people management and the need to adapt especially to the legal environment; thus, she states:

*“...the government is changing everything every time. The employment law is tough, having to do reviews and how well they are working etcetera”*

Further, as Isaac notes, there is a need to adapt to the technological environment, thus:

*“I try every technology...if you say that I am not going to implement a technology because it will affect jobs then somebody else will and those jobs will go anyway”.*

The eighth shared view is about ‘Evoking your values and beliefs’ as part of the people management enactment process. Consequently, one devout Christian owner manager emphasizes loving his employees as an act of reverence to his God who granted him the grace to own a business, thus he testifies:

*“Love your business and your people as much as you can. You know you are there to give everybody as much satisfaction as you can. So again, recognize your privileged position; you know you might have created it yourself, but it is still a privilege to have done that, God allowed you to do that”, (Henry).*

Most of my participants do not assert their spirituality but their morality and personal values underpins their people management enactment, thus:



*“Well I just think treat people properly, respect them, give them training, look after the people...give them all the tools they need to do the job; motivate people, support them, and I think if you do that, you get the best out of people”, (Lucy).*

*“...and don’t think that because you own the company you are the boss you are tyrant. It doesn’t get you anywhere, that attitude doesn’t get you anywhere... be nice to people, be humble and I think you will succeed”, (Liang).*

Further, my participants predominantly commonly believe in being informal and not imitating large enterprises, thus:

*“I don’t agree with that [adopting formal people management practices as large enterprises do]. You can’t possibly have a personnel department for example. So very often the owner manager he does the personnel as well. You can’t afford a personnel manager...you all sit around the table at lunch time and this is different with a large company, and it’s wrong to expect it to be the same. The informality is a strength... informality allows you to take decisions quickly. In a big company its more structured its more formal. I would really feel that too much rigid employment laws on small companies is very restrictive and eer, it’s not the right way to go”, (Phillip).*

Although these owner managers mostly prefer informality, being small and not to imitate large enterprises, there are several situations in which they are forced to adopt formal practices, such as in submitting tenders and complying with specific industry regulations. I shall elucidate this later (Chapters 5.3 and 5.4) in my evidence about the enactment of people management.

#### **4.1.3 Owner Managers’ Disparate Views About People Management**

Notwithstanding their common views, my participant SME owner managers hold significantly heterogeneous perspectives about people management, see below.

*“The staff is what makes this business unique. It’s not what we do it’s how we do it and the people who do it...It’s very difficult to say a business has got something*

*absolutely unique in terms of what it offers...but it's our personality in the ways our boys ... by the way how they do it. So those people I care about because they are important to the business. I care about because as human beings as well. Eer, but I also care because they are some fantastic asset for us...the critical assets are our people. Now, the corollary to that is that we have had people, we still have people that are not good enough, so we had to move them on”, (Henry).*

As Henry spoke, I could see genuine passion for his employees written all over his face and throughout his entire narrative: It was not just talk. To attest his very positive attitude towards having a workforce, Henry has 56 employees and just over 50 contractors. Specifically, he mostly prefers engaging employees first and then later recruit contractors to address work fluctuations. Notably, he is oriented more to formal people management.

Conversely, Alberto views people issues differently, thus:

*“...and I think what I realized is staff are a pain in the ass! A pain in the ass! Yah, because they want! want! want! and take! take! take! and grumble! grumble! grumble! they never have the same enthusiasm as me, they never have the same passion as me. I mean, it gets to 5 they go oh! It's time to go yah its 5 o'clock it's time to go but we have got orders what do we do? Where are you going? Don't lie to me? 'Well I am only paid to 5 o'clock so I am going to go”.*

Equally, Alberto never minced his words throughout his narrative, and I could read his seriousness about this issue in his eyes. Crucially, I felt his emotions when he explained how having once trusted his previous eight employees, somehow it did not work out as he thought. Therefore, beaten once twice shy and inevitably he deems employees are a pain! For this reason, he engages only contractors for which he had 30 at the time of my study. In general, he is inclined to mostly informal people management.

Indeed, the above narratives are just introductory and there is more than that meets the eye. In this regard, my participant SME owner managers have disparate people management views in the following ways:

### ***Employees Are Significant But Problematic.***

A plethora of my participant owner managers (e.g. Anzhelika, Frank, Peter) who mostly prefer recruiting employees are of the view that although employees are problematic, they are quite significant in their business scheme of things.

*“...am nobody...nil without people”, (Anzhelika)*

*“But I know; the first thing I know is I cannot run this business on my own. I cannot do it; so, I need people [employees and contractors] in the business to help me run it”, (Henry).*

*“obviously they [employees] are in my business, they are the biggest investment obviously. Without them, I have nothing and eer,...as an asset, it is far more important than having the best computer or the best machine: It is having the best employees”, (Demetrieve).*

Notwithstanding their positive attitude towards employees, these owner managers proceed to problematize them as follows:

*“The most talented people are the most difficult people to manage”, (Frank).*

*“[Employees are] not totally always committed”, (Harold).*

*“...two of my most difficult things to deal with in business were around Judas and then Daniel [i.e. former non-performing factory managers] ...most people [employees] are just that, that, that, that [i.e. below par] but only the handful that makes a difference are absolutely critical to you...”, (Phillip).*

Importantly, this ‘employee is crucial but problematic camp’ clearly attests the vitality of employees’ skills, knowledge and experience in their quest to attain their end-goals. Further, they acknowledge that they cannot force employees to perform but are very conscious about the risk and threat of employee poor performance. Consequently, they

prefer to foster positive employee relations, value and involve their employees, hence George and Harold speak:

*“they [employees] are the face of the organization...a member of staff who doesn't feel they are important enough or working to high standards, they could bring the business down”, (George).*

*“...nobody has the monopoly on good ideas...so, instead, of bringing in a business coach or a person who says I am a consultant I have people I employ”, (Harold).*

### ***Employees Are Less Significant And Quite Hassling***

A litany of my participants (e.g. Craig, Doug, Kane, Liang, Alberto) are more strongly dispositioned against employees. Employees are to Kane an “*expense*”, a “*burden*” to Craig and an “*additional stress*” to Letticia, “*pain in the ass*” to Alberto, hassling “*personal issues*” to Bobby. To Lucy, employees are a waste of time, hence she remarks: “*I don't need to bother about that [recruiting employees]*” while Doug asserts “*when you employ people, they get a bit lazy*”. One nascent owner manager says:

*“I don't want to be screwed [i.e. by employees], it's pretty awful to just being taken advantage of”, (Austin).*

and he is particularly sceptic of the educated employees, shaking his head and frowning he adds:

*“.. I know a lot of these people with 10 out of 10 but they can't work a full day they just say they are ok, they are smart... they just gonna go through life easy and they just say we have got the brains we've got the brains, but they can't work”.*

Clearly, the import of the above negative attitude towards employees is that these owner managers are less interested in building a business with employees, hence they as Lorraine puts it, say, “*it was just about me*” or “*more about taking on control*” in the words of Letticia.

A key reason for such negative attitude is previous sour employee relations, hence, Isaac, complains:

*“...working with and employing people who sit in a corner and don't tell me they can't do something; I have a problem [with that] and then that escalates in me getting annoyed because the work is not done”.*

Lacking required skills and knowledge is yet another factor. I have since mentioned earlier (pages 80-81) how Austin bears a negative attitude because he is ignorant of the employment law and how Kane (page, 80) admits lacking the people management competence. Further, their negative perception of the employment law and how it keeps changing and more frustrating (pages 86-87) is yet another cause for this negative attitude towards employees. In addition, that people management is complex and difficult demotivates them, hence Bobby as I alluded to earlier on, says people management is a primary responsibility that led him to sell his very successful international business of 17 years.

Another genuine reason for being negative towards employees is that they just do not fit in the owner managers' creative ideas and end goals for being in business. Therefore, Lucy, contends:

*“I never sat down and said I was going to be the next Virgin or Nike it wasn't anything like that”.*

Equally, this negative attitude arises from the owner manager's entrepreneurial motivation, whether they volunteered into business or got forced. All the owner managers who were made redundant from employment (Erick, Doug, Kane, Lorraine) inevitably underwent very stressful and emotional times and the thought of taking on employees just worsened their situations.

*“I became an entrepreneur through being made redundant... I never aspired to be an entrepreneur, never wanted to be an entrepreneur but was happy to draw*

*a salary, very happy, I had no problems, but then when you are thrown out then, you have to dust yourself down and go: Right, and then what are the options?”, (Doug).*

Consequently, because of all the above negative experiences, perception and attitude these owner managers as Isaac puts it “*get no pleasure from employing people*”.

### ***Employees Are Significant But Exploited***

This is a strikingly interesting view held by a single participant, Eliah, who mostly does not see fault in employees but rather their exploitation, thus:

*“Eer, a typical kind of management eer, rhetoric if you like is that the people are the most important assets of the company but there is a class system which is very entrenched. You know that the upper class are in charge and the lower class are the workers and there is not much cooperation between them”, (Eliah).*

He proceeds to strongly disapprove employers for not unionizing labour, thus he stresses:

*“...history has shown that the workers have not had enough rights, have not enough power, because in the main they have been exploited by the management”.*

### ***Employees As Planned Strategic Resource***

Very few owner managers (e.g. Emeka, Sasha, Isaac, George, Phillip and Henry) are of the idea that you firstly give thought about employee issues as part of new venture planning. Notably, Phillip, Henry and George were taking over existing businesses with employees, while Isaac planned to recruit his subordinates from his employer and start his own business. Sasha and Craig planned not to have employees while Emeka strategized to take on employees. Let us hear some of them speak, thus:

*“So, I was quite adamant at the start that I don’t want to build a big business, I don’t want anybody working for me”, (Craig).*

*“Yes! Eer, because the first company [he worked for] that was a software company I already had a team (i.e. his subordinates in his department). So, I knew at that point that I will take that team and that I need to recruit so yes!”*, (Isaac).

Only Batista did not think about employees for he was joining a family business as a son in law.

### ***Employees As An Afterthought***

Most of my SME owner managers (21 of them) share this view: Employees are mostly an afterthought, especially when launching business for the first time. To attest this, when I asked them ‘At the time of preparing to get into business, did you think about employees?’ the following are some of their responses.

*“Eer,...uum, [goes quiet] that was not in the fore front of my mind. No”* (Erick).

*“Not at the time”, (Harold).*

*“Aaaah, not at that point in time”, (Petkar).*

*“Eer, no, I don’t think so”, (Densel).*

*“Probably, probably not at the time”, (Henry).*

*“I certainly wasn’t thinking of about hiring staff and that kind of thing”, (Peter).*

*“I didn’t at the start, it was just about me. I never expected to take any staff”, (Lorraine).*

### ***People Management As Mostly Informal Progressive Adaptation***

Disparity also prevails among my participant owner managers in respect of enacting people management with the majority preferring an informal people management approach. Their rationale is that through informality they can easily adapt to the

dynamic macro-environment. One nascent owner manager attests this by stressing the importance of being extra cautious, using trial and error and learning from the experience as they keep adapting their people management approach.

*“So, I just wanted to understand sort of how they [a consulting firm] did it [recruiting employees and managing them and growing a young venture], sort of how they managed, eerh, so, I kind of got to understand how they did it. So, I feel comfortable; I think if I just started up with only one Uni [i.e. undergraduate student employee] it will be a lot easier. So, I just try and get to learn; it’s just like in anything: trial and error, trial and error, yah, yaah”, (Austin).*

Clearly, Austin prefers informality, thus:

*“I would not want it too official: to fill out forms. It will be just like we are gonna be friends. I don’t think I need to go too far on the official sort of side it doesn’t have to be that. So, hopefully, they would sort of just have to take my word on that and get paid based on their sales sort of stuff”.*

This informality is also preferred by seasoned SME owner manager entrepreneurs, hence one of them acknowledged relying on trial and error to get to know how to strike a balance between being a liberal and a task-oriented manager for his people, thus:

*“Trial and error, trial and error, honestly just trial and error... Yah, trial and error there is no other way to describe it...Yah, yah, if it doesn’t [work] then stop. That brings the difference and that’s what we have been doing for the past ten years now”, (Doug).*

### ***People Management As Mostly Strategic Approach Blended With Informality***

A few SME owner managers (e.g. George, Phillip, Shawn and Henry), especially those with more than 20 employees hold a more deterministic perspective of strategically planning the kind of people management they would enact. However, they do not enact an outright formal people management but blends it with informality. To affirm this, Shawn firstly acknowledges that he favours informality and then goes on to credit his



operations director for introducing him to formal business practices, which he says he still struggles to adhere to, thus he speaks:

*“...another person [Booker] joined us who subsequently became a director [operations director] and took us in a different direction [from informality to formality] which meant we got involved in training and development; and more of leadership management [including people management]”, (Shawn).*

Booker has a strong background in formal practices from large enterprises, thus Shawn elaborates:

*“...our Ops Director helped us to put up all those things in. ..He likes structure...I totally get its unique. I am not a super structure person [ he loves informality]*

As operations director, this is what Booker did:

*“...he has broken everything to KPIs [Key Performance Indicators] dashboards, so we have indicators: red, green; red amber green; where we against; the thing is like 54 different types of measurements across all departments that Booker looks after”, (Shawn).*

Before Booker came, informality guided Shawn's recruitment and performance management, thus he speaks:

*“Informally [i.e. he recruits informally] ...[he sighs] not much different. It's like do you get on with them, that's number one...eer [performance appraisals] we did it before [informally]”, (Shawn).*

After Booker came, Shawn now uses more formal practices, thus:

*“we have all of it now [performance management] in a more structured way {and recruitment is also now more formal} ... we definitely got more structured in the last 8 years where he [Booker] is like psychometric testing”, (Shawn).*

#### **4.1.4 Emerging Underlying Factors**

Considering evidence discussed in here an emerging footprint of different underlying factors (embedded within participant narratives) that influence my SME owner managers views is quite evident. We have seen how owing to ideologies, values, beliefs, spirituality, motivation, goals, social networking, recruitment of professional management employees, attitudes towards: employment law, employees and people management, perceived and actual people management competence, previous sour employee relations, own business and career experience, preference for informality all variably influence my SME owner managers' views about people management.

#### **4.1.5 Summary**

To partly address my first research objective, I have provided evidence that suggests that my SME owner managers hold both common and disparate views about people management. I have concluded this theorization in chapter 6, page 212. Following next is conceptualization of people management.

## CHAPTER 4.2

### RESULTS PART TWO

#### OWNER MANAGERS' CONCEPTUALIZATION OF PEOPLE MANAGEMENT

##### 4.2.0 Introduction

In this chapter, I address my second research objective: To theorize how SME owner managers conceptualize people management. In making sense of my SME owner managers' narratives, I observed that they would narrate about their upbringing, personal names, age, and education including career. They also spoke about how they got motivated to venture into business, their end-goals, beliefs, values as well as their business experience to date. Further, they reminisced about their understanding of people management and how to enact it as well as their overall approach to ideals and planning including learning and knowledge management.

All these illuminate my SME owner managers' different sub journeys within their grand life journeys; for example, they do have an upbringing journey, an educational journey, a career journey all of which are distinctively non-entrepreneurial. Further, they have their only entrepreneurship journey when they ventured into business: the own business experience journey. Importantly, it is my interpretation that throughout these different life stage journeys, these owner managers were acquiring and generating knowledge and learning how to conceptualize phenomena about different things in life, for which, people management is included. Therefore, I theorize that SME owner managers conceptualize people management through a sophisticated life stage process which I now articulate below.

##### 4.2.1 Primary Upbringing Realm

I do interpret that from birth up to the age of primary school education, this period constitutes a unique upbringing realm in which to respond to the question of 'what does people management entail to you?', my SME owner managers would delve into, and reminisce what they learnt from their childhood relating to dealing with other people. Inevitably, they drew on what they learnt from observing their parents, family members,

preachers, teachers and other community members say and do when it comes to relating with other people in society and specifically in the world of work. To attest this, let us consider Austin, a nascent owner manager, who was introduced to factory employment much early as a child working for his father. Crucially, he was not specially treated as a son but as he puts it just *“like a worker”*. When he messed up there was nothing like *“ooh my son sorry”* but his father would reprimand him accordingly, just like any other employee, thus he remarks:

*“So, I have been involved in that [being managed as a factory employee] for all my life involved in factory life”, (Austin).*

Given what he describes as 22 years of tough upbringing, Austin conceives people management to encompass strict supervision to enhance hard work among employees and academic qualifications are less significant. He thus speaks.

*“I wanna know, sort of, are you gonna really work for me? Are you gonna really be up here for work? Are you gonna really do extra hours? ...I ask this because the way I look at that is I reflect back at me it has been a long time and I have really grilled for it to be where I am... I work like a horse; because I am very strong at work; I am very motivated, very focused and drilled and I think that makes me a hundred times better than the person whose got these 10 out of 10 academics”, (Austin).*

Similarly, veteran SME owner managers also delve into their upbringing realms to conceive people management, thus:

*“So, my journey, I was brought by up eer, as one among many of our people in my generation eer, with a work ethic...eer, and that philosophy of treating people well basically it starts in the home, and then you get it from peers”, (Harold).*

#### **4.2.2 Secondary Upbringing Realm**

As these individuals grew up completing primary education and embarking on secondary and advanced level education, their knowledge source domains also

increase hierarchically. Therefore, in this secondary realm, my SME owner managers were able to reminisce about what they observed and learnt about relating with people in general and specifically in the world of work: drawing on their knowledge assets which they acquired from parents, community, primary education, secondary education, advanced level education and their own values, thus:

*“I [as a secondary school going pupil] had seen my dad at the factory where his time was very much on the clock; so, when he goes to work, he clocks in, when he leaves he clocks out. So, his time is you got to be there, and I think it’s quite scary for me. I did do a couple of months working with him there [later in secondary education] and I enjoyed it but just the fact that you tied to those hours”, (Densel).*

Given the above, Densel now conceives people management in terms of employee delegation, empowerment and flexibility, thus he narrates:

*“I think I have always been motivated to find a path where your time is your own a bit more, you can make your own decisions, if you need to do something you can pop out you know...I wouldn’t look to micromanage. I think I want someone who is internally motivated themselves and by Edu Tech [his company] and what we are trying to achieve. So, I wouldn’t micro mange, I would facilitate their role and give them the freedom”, (Densel).*

Frank also gives us an interesting case of the parental influence; hence, he narrates:

*“Eeerh, my A-level results were not as good as I had hoped for to be honest A lot of distractions, drinking and driving that sort of thing, and then my family supported me and from then I suppose my life started to begin”.*

Given his own experience of getting family support when he was going astray, Frank, conceives people management to also encompass being supportive, thus he speaks.

*“Eer, and everybody else has got very different issues. Eer, it happens all the time. Many things happen to different people. People can have personal issues*

*and something like that. I think sometimes you just have to work with people and the more you work with people the more people feel comfortable”, (Frank).*

Crucial, about this grand life episode of being a secondary and advanced education level going individual or being of that age dimension is that it is when these individuals begin to address the famous question of ‘What do you want to do when you grow up?’ A classic case is that of Phillip whose entire class was asked by their teacher what each one of them wanted to do when they grew up. Aged 17 years, Phillip was the only student who chose operating his own business while the rest chose employment. Importantly, Phillip attributes his decision to his father, whom he has always observed and admired as a business owner, thus:

*“I think that was because my father had always worked [in his own business] in industry: manufacturing; so, I thought that was the right thing I wanted to do”, (Phillip).*

It is, therefore, not surprising that at the age of 35, Phillip eventually bought his father’s business and has since been carrying on with the family’s legacy including partly understanding people management in the same way his father did.

#### **4.2.3 Tertiary Upbringing Realm**

My participant owner managers also conceptualized people management by delving into the tertiary upbringing realm, which I denote as comprising of the tertiary education episode of their grand life journey. Consequently, in addition to drawing on knowledge source domains inherent under the primary and secondary upbringing realms, these individuals now had additional knowledge assets acquired via college and university education as well values and beliefs: being mature they understood them more than when they were still toddlers.

##### ***Tertiary Education Domain***

A typical example of conceptualizing people management from the tertiary education realm is as follows:

*“Eer, that’s simple [i.e. how to manage employees] to be very clear about what role you want them to fulfil. So, to be very clear on the expectations of somebody. To understand what sort of personality traits attitude mindset you want people to have; eer, those things are more important than skills...Eer your selection process is sufficient to find a good match to what you want that person to do and then when they join to make sure there is clarity and understanding [about] what it is that they are there to do. And you provide feedback mechanism so that they and you can see eer, that they in essence they are doing the job you want them to do and they are doing it well; fundamentally they have the right tools to do their job”, (Erick).*

Proceeding, he comments on why owner managers find people management challenging, thus:

*“Aargh, I think many people have a negative view of that people...I have forgotten which one is it McGregor theory, X theory Y, that often people are there to just get a salary, they are lazy, so they, they are not really that bothered and they have to force them to do what they want them to do”, (Erick).*

Equally, Henry affirms:

*“All the stuff about my research [his PhD] I know, I use [in business and people management] ...my doctoral work I learnt a huge amount of that, huge amount”*

I must however raise a caveat: most of my participant owner managers (26 of them) do not rely on this academic domain to conceptualize people management and Liang, who speaks for all, explains why:

*“Academic as in degree, diploma, isn’t entirely important; what is really important to me is they have that [i.e. person fit and the relevant skill]”*

Equally, a veteran and leading serial entrepreneur in my study stresses:

*“...the university of life is the greatest and most powerful way of graduation and can be very aah, a hurtful place; you get damaged, but I think when something doesn’t work by being quite sort of an extrovert in nature you can pick yourself up and try on the next thing”, (Bobby).*

### ***Beliefs and Values Domain***

Being mature mostly over 18 years, these owner managers now have a strong belief system inclusive of values that are more developed, and they can now generate meaning from this realm.

Phillip, who became a Christian since a young person acknowledges that his Christian faith has a *“massive influence”* in his business and how he manages his employees. Owing to his faith, he has since engaged ministers of religion as permanent fulltime company chaplains and he strives to foster positive employee relationships, thus:

*“the people in your business are absolutely critical... its people that make the business without any question... I think eer, one thing is very important to me is relationships”, (Phillip).*

Equally, others also exploit this beliefs-values realm, thus:

*“Yaah it [Christianity] plays a role [in managing employees] because Christianity is based on eer, being Christ like and being Christ like is being selfless, always putting other people first or putting yourself in other people’s shoes”, (Emeka).*

*“To me I come from that positive thinking [fostered by Yoga], to me you are at par with me. Eer, I am not here to exercise my ego... Aaargh, I mean I see the soul, every time I see the person [prospective employee], I forget the name, I forget how the person looks. The first thing that I will scan I will look into the eyes; I see the soul, right! And I also stress we are at par, we are the same, right.”, (Anzhelika).*



*“workers have not had enough rights [speaking from his dominant socialist ethos], have not had enough power, because in the main they have been exploited by the management”, (Eliah).*

Evidence also show that very often these SME owner managers draw on the blend of their spirituality and values to generate their people management understanding. This is attested by Isaac, who although he acknowledges being a devout Christian argues that his people management is not exclusively influenced by his faith just as there are many good people managers who are not Christians.

*“I don't separate faith, family, work into sort of different pockets they are all me, it's all part of life... So, even before I became a Christian, I did all the things [good and not so good] . So, it's not all faith, it's all mixed up in the same thing...I don't think it's a sensible thing to try and separate the different parts of personality. It's hard to separate personality from faith. There are other really good managers who are not Christians”, (Isaac).*

Furthermore, numerous participants draw on their personal values to espouse a people management that is considerate of others. Laing, therefore, stresses the need to avoid being “tyrant” but “being nice to people...humble”.

#### **4.2.4 Work Experience Realm**

This is a very crucial realm to delve into and generate people management understanding. It is the only such realm that gives individuals their first-hand experience in the world of work. Importantly, this experience differs based on whether one's previous employers were SMEs or large enterprises. Consequently, my SME owner managers drew heavily on this realm to interpret what it is like to manage people. In this regard, George speaks about having learnt different frameworks from his previous employers (i.e. large enterprises), thus:

*“...but you need some frameworks... I need frameworks with managers who tell me that people are adhering to them, frameworks that I have learnt ...and that's the kind of learning I got from the bigger businesses”, (George).*

Given the above, George understands people management to encompass use of frameworks to structure, assign and supervise work. He affirms how through “*hard work for 3 years* [i.e. learning in a large insurance company] he gained skills about this framework system which he says: “*was a good learning curve*”.

Similarly, Sasha affirms:

*“I have had clashes with people, if you are not treated with respect you can’t give it back in bad managers that you do work with...I worked for a company called XYZ...I had one manager who was awful another manager who was brilliant, who completely got the best out of me, who was respectful and kind of allowed me to think, give me the freedom to express myself”, (Sasha).*

Consequently, Sasha understands people management to entail avoiding being bossy but to “*treat them [employees] fairly and with respect...being wary of fragile egos [but preferring] team players all the way*”.

#### **4.2.5 Entrepreneurial Motivation Realm**

My participant owner managers also conceptualize people management based on the dictates of their business motivation, which either forced them or attracted them to get into business.

##### ***Involuntary Business Entry***

My participant owner managers whose business motivation predominantly forced them into business mostly decipher people management from a self-centred perspective. They mostly exclude other people (employees, contractors, workers) and their survival is their most dominant *raison de’tre*. Below is a typical case.

*“Eer, so well the first thing aah, I didn’t have any options really. My career had kind of really exploded at the time [redundancy]. Aah, I almost went bankrupt... Aah, its quite its bad, it doesn’t look good on your CV, doesn’t give you many options”, (Doug).*

I saw deep emotions all over Doug as he explained his redundancy and clearly it was a mammoth task for him to conceive a people management inclusive of employees. He further explains:

*“Aah, I had plenty of ideas around aah what was wrong with the property industry...because I had spent a lot of years in that and I had some ideas, and I decided to just make a living from that and to try and do things just a bit differently”*

Similarly, Liang, acknowledges:

*“At this point because he [her husband] moved to London, my daughter at this point is 10 and at that age again where she needs support... because I was doing so many hours teaching and travelling all over the place”*

Given the above, Liang opted for starting her own business.

Importantly, all these involuntary SME owner manager entrepreneurs mostly conceive recruiting and managing employees to be quite hassling. There are of course exceptions where some involuntary SME owner managers (e.g. George, Alberto, Emeka and Batista) had to consider employees. In most cases, they were taking over existing businesses, thus:

*“...one of the [thoughts], when we were considering buying the business. [was] They [employees] have been used to working for the other guy can we convince them that we were worth sticking with? If we had done the job badly, we had bought the business and we have had to find new staff which would be financially crippling; and fortunately, everybody stayed with us”, (George).*

Consequently, he had to conceptualize a people management that treats and rewards employees fairly and even doing so beyond competition, thus:

*“So, we very much had to buy into the loyalty of the staff, which isn't always the case because there are some staff who had job offers elsewhere, so we had to match...So, but you have to look after people. It's not enough to make them feel they are wanted and respected here you have to make sure you are paying them as much or more than our competitors are doing. So, that's, that's, important”, (George).*

Coming to Alberto his exception is that although he too was made redundant, he went on to establish his first venture in which he had eight employees: drawing from his previous work experience in which he had responsibility over others. Similarly, Emeka although like Liang was forced into business to be with his family, after resigning, he leveraged on his senior management career experiences in large enterprises of managing other employees to conceive a more formal people management that embraces employees and seeks to get the best out of them. Equally, Batista after the passing on of his father in law had to think about employees given, he was taking over the family business.

### ***Voluntary Business Entry***

Several of my participants got attracted and volunteered into business. These owner managers mostly conceptualize a holistic people management that embraces employees, contractors and workers. A key tenet is that employees are vital for the effective attainment of their goals, hence, they mostly understand people management to incorporate fostering mutually beneficial working relationships with their employees. Below is the case of Henry.

*“I've always been interested in management...So, I've always been attracted to business... it is an incredible privilege [i.e. to own a business]”.*

Being attracted into business, he had all the time to plan how to get into business. Therefore, he leveraged on his MBA tertiary education and prepared a firm acquisition criterion, gave it to a corporate finance consulting firm requesting for businesses on sale. Eventually, he acquired a small enterprise with “*about 40-41*” employees and buoyed by his people management understanding and experience in his illustrious

senior executive career in several large enterprises, he grew his employees to 56 plus just over 50 contractors. Henry even demonstrates his appetite for employees as follows:

*“...aah, we’ve got more people in the other half and the business is growing and we need more people at different times”, (Henry).*

Continuing, Henry further elaborates his people management saying:

*“Well, the staff is what makes this business unique... so those people [employees] I care about because they are important to the business... [they are] human beings as well; eer, but I also care because they are some fantastic asset for us”.*

Similarly, Peter admits:

*“I, think, I did pre-plan it [getting into business] to a certain extent. I tried to put myself in a position where if there was an opportunity in a good place, I will take it”, (Peter).*

Indeed, the right opportunity came, and Peter founded his international business with a branch apiece in Manchester and Asia. Underpinned by his attraction to business and voluntary entrance into it, he values employees and enjoys managing them, thus:

*“...I think I feel like it’s a responsibility [people management] that I quite enjoy. Eer, I like getting to know people. I think also its kind of a privilege you can influence the direction of someone’s career. And eer seeing that you can influence in a positive way is really rewarding. So, we have held on to our current crop of staff for quite a long time without exception”, (Peter).*

#### **4.2.6 End Goals Realm**

My participant owner managers also conceive people management from the perspective of their dominant goals (End Goals). All participants indicate they have end goals for being independent: control, freedom and flexibility while they vary in terms of

aspirations for wealth, income for survival, making a difference, family and characteristic lifestyle

### ***Wealth End Goal***

Owner managers driven by dominant wealth end-goals mostly conceive people management in terms of recruiting and overseeing numerous staff (employees and or contractors) whom they deem vital for the fulfilment of their wealth ambitions. Notably, managing a host of employees is a significant milestone to affirm their wealth legacy and related lifestyle.

To attest this, Phillip says: *“I have more than I need”* and he generously provides additional material support to his 42 employees as well as doing charity work in his community. In return the community and his employees support him, as such he affirms:

*“we have plenty of people who would like to come and eer work for us...you know I thank the people who work with me because they give me a nice lifestyle”*

Similarly, Peter expresses his wealth ambitions as follows:

*“I don’t want people to just say wow! that [his venture] makes a lot of money”*

Instead, he prefers that in addition to an acknowledgement of his wealth:

*“...people to look at it [his venture] and go: that’s impressive because it does something cool ... it’s grown from nothing to something really big. So, I want something to be proud of not only in terms of what we do but also the scale; I wanna have something that’s truly worldwide”*

Consequently, given his wealth legacy end-goal, he envisages a people management in which he recruits numerous employees, thus he speaks:

*“...Eer, I like getting to know people... You can learn about how to manage people because people are different. It’s exciting to work with more and more people and grow the team and get to know more people because different people raise different challenges for you, as an employer”, (Peter).*

### ***Survival End Goal***

Owner managers (e.g. Erick, Kane, Lorraine and Letticia) whose dominant end-goal is survival mostly conceptualize people management in terms of the cost. Employees and managing them is, therefore, as Kane puts it “*an expense!*” while Doug affirms:

*“If the business can survive...It’s a matter of the business being solvent...you got the cashflow to pay the bills...and not getting into debt”*

Similarly, Craig and Kane attests:

*“I am not financially driven by money. I am very uninterested in money. Eer, it’s a means to an end. I have some expenses, hobbies; So, money is important to a certain level [survival]”, (Craig).*

*“I decided No! [no more employees] eer, I don’t want to be the father confessor and provider of income for other people. I just want to do it for myself, ok!...It made me reconcile with myself to the fact that I will never run a large business. I will never generate the kind of income to buy a Rolls Royce or to live in a big, big house. That wasn’t gonna be my future, but, I provide three meals a day for myself and my family I would never have debt. but, it was never gonna be a big future So, it’s a question of finding the space in your head, for those kinds of thoughts”, (Kane).*

### ***Difference Making End Goal***

People management underpinned by this end-goal is understood in the light of striving to provide broader societal benefits. In explaining his difference making end-goal, Eliah, firstly articulates his socialist ideology, hence, he explains how he was raised by a “*political journalist*” father and how he later studied “*philosophy*” at university and

ultimately coming to “value socialist perspectives”. Driven by this socialist perspective, he believes about humanity as follows:

*“human beings no matter where they are from, no matter what colour, male or female, we are all equal you know; and there is a unity that is within all of us and from that I think really comes a conviction that everyone does have a right to be treated fairly to have equal opportunities, to have eerh, to have a quality of life. So, eerh, these are very deep and fundamental convictions about what it is to be human and what are the rights of other humans”, (Eliah).*

Having explained his socialist ethos, Eliah proceeds to explain what he thinks is wrong with the business approach to employees, thus:

*“So, the traditional approach of businesses, which is just to make a profit and to make returns for the shareholders that really only benefits eerh, a very tiny percentage of, eerh, of humanity; and it's really the rich getting richer and that's the top one percent of humanity, whereas fifty percent of humanity is at starvation point, does not have adequate facilities, does not have adequate food and water. 50% now that is a shocking indictment of humanity”, (Eliah).*

Consequently, motivated by his socialist principles, Eliah now elaborates his difference making end-goal, thus:

*“...what comes to my mind [when thinking about employees] is to create employment opportunities and training opportunities...So like I said earlier on we live in a very deprived area, Yellow City, the majority of Yellow City is actually quite a deprived area...So our intention, my intention is to revive that heritage of engineering excellence for sustainable manufacturing for the 21<sup>st</sup> century and that means that we could create a lot of jobs, hundreds of jobs possibly thousands of jobs and that we would make those jobs available to people in Yellow City”, (Eliah)*

Equally, Phillip commences by articulating that Christianity has a massive influence in everything that he does be it business or social life, thus:



*“So, eerh, we have a company charter which is the way we agree to behave to each other to our suppliers, to our customers and that involves telling the truth for example. So, there is a whole framework which is our Christian values”, (Phillip).*

Consequently, driven by his Christian values, he in addition to his wealth end-goals also has difference making end-goals, thus:

*“Well being responsible for the 42 families we employ...and I want to make a difference and I guess business gives me the opportunity to do that...a difference in community because we employ people, we eer show leadership in the community in terms of eer, as a good employer”, (Phillip).*

Further attesting his ‘difference making end-goal’ he stresses:

*“Yaah, I just, I just feel that you know God has given me gifts and you know I wanna use them as best as I can”, (Phillip).*

Essentially, to Phillip, making a difference in the communities and societies is one effective way of making the best use of one’s God given gifts.

### ***Lifestyle End Goal***

Owner managers also confine people management and its tenets to the whims of their personal ambitions, hence this remark.

*“So, I was quite adamant at the start that I don’t want to build a big business, I don’t want anybody working for me...So that’s part of the drive; So, it was about being in control. It was about doing things that’s gonna benefit me. It was about having freedom to pursue other passions in life... gives you much control and freedom, eer, with my own destiny... so I had a certain lifestyle to meet I guess or threshold of income”, (Criag).*

Consequently, people management to Craig excludes employees and contractors. He does work tasks alone and growth excludes employee size or wealth, thus:

*“So, growth isn’t about more 100 000 pounds, more staff ...it’s not driven by wanting too many staff, its driven by time out. So, I think that’s how I will predict growth”, (Craig).*

Specifically, his people management is largely driven by the notion that employees are:

*“a constraint, create pressure, eer dependency and all those sorts of things... burden from other people”, (Craig).*

### ***Family Heritage End Goal***

A few owner managers such as Phillip, Henry and Batista conceive people management in terms of how people issues realign with their vested family aspirations. A classic case is that of Batista who was a son in law and managing director for a family business but being non-flesh and blood, he was always treated as an outsider, thus he narrates:

*“...although as managing director, I always knew that it wasn’t my business, and I always felt that I have been given a poisoned chalice, and that I was allowed in the boxing ring with one hand tied at the back and I always had to prove how I have done well, how I have done this...you couldn’t even change a car, you couldn’t even go on holiday, without them saying; oh, it’s not right for you...so, that’s what I mean about family business and I think I was an outsider; money corrupts everybody...blood is thicker than water”, (Batista).*

Similarly, when Batista eventually took full control of this family business after the death of his father in law, he too has maintained the family business culture in which being driven by the family heritage end-goal he conceives people management in terms of ensuring that family employees are well looked after and protected from non-family employees and contractors.

#### **4.2.7 Own Business Experience Realm**

This realm is of paramount importance in that it is the only perspective through which these individuals, now SME owner managers, can reflect on what they have learnt with regards to practically managing their people in their own businesses. They have an insight into what works and what does not as they learn from both current and previous employee relations in both current and previous businesses.

##### ***Learning From Previous Sour Employee Relations***

Several of my SME owner managers conceive people management in the light of their prior knowledge (theoretical and practical experiences) about what works and not in people management, thus:

*“the biggest issues in most businesses is around managing the people...the people that you have are the transformational ones...the people that make a difference...[are] only a handful”, (Phillip)*

*“It’s not always the best to pay people but to know who the key people are. Eer, the key thing is to look after those key people”, (Phillip)*

Equally, Bobby, drawing from his previous sour employee relations, conceives about people management being hassling, stifling his freedom and precluding his preferred personal relationship with customers, thus:

*“...To have layers of staff taking different layers of responsibilities [via recruiting many employees] and it is that which I particularly don’t like. and when you get a larger team [he had increased employees from about 15 to about 27] aah, you bring in layers of employees [Frowning, his voice now negative and very hoarse] aah, and then you got to bring someone to manage the employees, then you have to bring the eer, operations officer to manage the managers who manage the employees and the board of directors to make decisions. It gets, and you become to distance yourself from the very basis that you started the company to provide a service to individuals and groups; aah and I fear it’s a fundamental shift and for*

*me as somebody that really enjoys starting small companies and working in that environment I enjoy that risk, I enjoy that interaction”, (Bobby).*

Consequently, he now interprets people management as

*“hassling...a primary responsibility... I ended up talking about personal issues rather than the business... and its one reason why I had to sell the business in 2006”, (Bobby).*

Similarly, owing to sour employee relations in his previous business Alberto conceives employees as *“a pain in the ass”*, (page 88). Kane who took over his father’s business with 15 employees insists people management is difficult, hence, he sold the business, founded another one in which he works alone, (pages, 109). Indeed, as he explained, I saw this difficulty written all over his face and I was not surprised when ultimately, he declared that employees are an *“expense”*.

### ***Learning From Previous Non-Engagement Of Employees***

Some owner managers conceptualize people management from their historic knowledge cues of working alone and how well not having employees worked out for them, thus:

*“...when you bring in people like that [contractors], you don’t have people issues like legalities with emoluments and pensions, you find a lot of business work that way...and it works quite well for me ...and for several other businesses as well”, (Lucy).*

Overall, these owner managers deem people management implies building mutually beneficial relationships with other professionals and entrepreneurs whom they can engage as contractors whenever they need them.

### ***Learning From Current Business Experience***

The current own business experience is crucially significant in that this is the only episode in which people management worldviews and prior knowledge are challenged

and new people management knowledge and approaches are tested. Inevitably, it is in this episode that mistakes are made, failure and success is experienced, lessons learnt, history (new prior knowledge) made and the future carved out, thus:

*“I have learnt [in his current business], several aspects involved [in people management] like motivation, sustainable long term fulfilment for everybody and how to keep people motivated after 12 months, two years: people are motivated differently, some its money...Everybody has got trigger points, some its money, some people it's stability, some it's doing what they love; I don't think there is one formula [of managing employees keeping them well motivated]”, (Petkar).*

Consequently, he now interprets people management as a challenging phenomenon:

*“It's difficult, it's difficult, finding the right people has always been difficult especially creative people...I have always found that very difficult”, (Petkar).*

Crucially, it is in this current business that owner managers implement their tried and tested 'what works' people management approaches as well as testing new ideas, trying, and learning from making mistakes, thus:

*“So, I feel comfortable; I think if I just started up with only one Uni [student contractor] it will be a lot easier, so, I just try and get to learn; it's just like in anything: trial and error, trial and error, yah, yaah”, (Austin).*

*“Eer, in the early years it was very difficult because we had problems, I wasn't very good at running it. I made a lot of mistakes and eer, sometimes there were periods where I just had to keep going, you know just show resilience and so forth”, (Phillip).*

*“So, I suppose I have also been eer slower to deal with people who weren't performing well enough and that's another thing I would do different if I have my time again”. (Phillip)*

Notably, it is due to this reflection that earlier on Phillip cited people issues as the most challenges for business and that through trial and error owner managers can perfect their understanding about business and people management.

### ***Learning From Theoretically Confronting People Issues***

Some of my participant owner managers especially nascent entrepreneurs conceive people management from a theoretical and ambivalent perspective of having never recruited and managed an employee and or a contractor. Anzhelika, who is yet to launch her venture expresses as follows:

*“You see the problem is I haven’t really mastered my own style [of people management] because I am not trading. I can only speak of what’s now. And probably it will change”, (Anzhelika).*

Notably, notwithstanding that she is highly educated with a master’s degree in business administration, considerable working experience of 13 years including being a senior manager, Anzhelika struggles to explain what it is like to manage employees.

Similarly, although Austin holds a business administration degree, because he has no employees in his one-year venture, he equally struggles to conceive people management from his current business realm, (pages 81, 94).

### **4.2.8 Current Age Realm**

In this realm, my participant owner managers reflect as follows: ‘Given my current age’ what kind of people management can I handle? In this regard, older owner managers mostly envisage a people management that excludes employees. Bobby, who has since streamlined employees to only 3 attests this when he says

*“The older we get we need to think of about succession planning of what we do...aah, well, it is constantly thinking about succession and we do have a five-year plan and a twenty-year plan, and I am talking to other businesses with a similar minded about how we would go through these steps”, (Bobby).*

Importantly, aging entails focusing more on sustainable retirement; hence, doing work tasks alone or outsourcing is preferable more over recruiting employees. However, there are exceptions, such as:

*“I don’t believe in paying into a pension scheme. Because I had colleagues, friends of mine years ahead of mine and their pensions just went bust and they lost all their money. So, this is why I am now like investing in businesses. I am hoping that by having four or five restaurants in the future that I will be able to have a dividend”, (Sasha).*

Notably, despite getting older, Sasha had at the time of my interview with her, for the first time in her entrepreneurial career of 20 years, just recruited 11 employees for her new restaurant venture. All this is in pursuit of her sustainable retirement end goal.

Similarly, one young owner manager considers his current age to interpret how many employees he is willing to engage and manage, thus:

*“Yeaah, I would be flexible [to growing via employee recruiting]. I think I would be ready for change [transforming into a large enterprise] in a split second...I would love to be surrounded by professional people, experts in the field, who I can learn from [desires to recruit professional employees], I think that’s the thing I am only 32 and I still have lots and lots and lots of things I can learn”.*

#### **4.2.9 Business Entry Age Realm**

Just as is the case in the current age realm, participants who entered business much older tends to conceive a people management that excludes employees, deeming them hassling and costly to manage, hence these remarks:

*“I think what I would say is that if people can learn to make their own way [getting into business mastering the skills and knowledge] as early as possible it’s definitely a skill that you can acquire without too much risk when you are younger, when you are old you have got family support, mortgage and stuff or rent to pay*

*more pressure and less opportunities therefore to experiment and get it wrong”,*  
(Doug).

Letticia also stresses that had she been younger she would have understood recruiting employees and managing them differently (page 225).

#### **4.2.10 Economic Prudence Realm**

My participant owner managers also conceive people management in terms of whether it is economic, thus:

*“...the money that comes in we make sure we don’t spend more than we receive. Aarhm, we don’t have any bank borrowings and our policy is not to borrow money in any circumstance other than renting cars so instead of buying a car let’s say at 20000 pounds we can rent it at 10 pounds a day...so I can stop it at any time”,*  
(Bobby).

Given his economic prudence approach, he conceives a people management that premises on outsourcing, thus:

*“...minimum pay in UK you need to pay some [say] 15 younger person £17000 to £20, 000 in London as a minimum starting pay. And if you have got four or five earning that’s a lot of money in business. So, by outsourcing you [stay safe]...I have outsourced different skills so that I can bring in someone in at short notice to replace any member of staff...So, outsourcing is the modern way to run a business”,* (Bobby).

Echoing the same are Kane who stresses: *“I would never have debt”*, that is, by not having employees. Liang also remarks:

*“To answer your question yes [regarding thinking about employees and managing them] but I knew it was gonna be costly, so, I came up with no, I am gonna work with freelancers”,* (Liang).



#### **4.2.11 Professional Training Realm**

My participants also conceive people management in the context of any professional training they might have received. An example is how Donald draws on his professional management training with Manchester Metropolitan University to conceive an employee empowering people management that underpins on systems, procedures and training.

*“The idea for me is to empower them, to make sure every day you will give a 100% best... I keep trying to be a positive role model to them...so I empowered a staff to be the manager, I trained her, and she is good... So, I went back as well after that course and did the business full steam ahead, lots of new ideas and that’s when I grew up to 35 members of staff because I implemented more policies, implemented you know different procedures”, (Donald).*

#### **4.2.12 Mentorship And Coaching Realm**

Harold confirms how he has learnt via a coach about “*How to make friends and influence people*” and he now conceives a people management that espouses, “*...treating people as you would like to be treated*”. Isaac learns about people management and business operation from two lady coaches via the internet, thus he narrates:

*“So, the two people that I follow one, a lady called Laura Saville...she is very much into setting up independent teams and giving them the ability to function as an independent team with the inspiration of the vision and how to impart that vision managing the team to do very much about setting up versions of the machine” and the other one “is Irene and [she says] the basic principle of the business is that a manager you should only do the important task and everything that is not important you should subcontract”, (Isaac).*

Given the above, he envisages a people management that ensures robust integration of responsibilities and authority with employees working like a machine while outsourcing when necessary.

#### 4.2.13 Networking Realm

My SME owner managers also draw on what they observe and learn within their social networks to interpret people management, thus:

*“I was at a networking event, it’s called the BNI, and eer, in Stockport; and all of a sudden, around this table, arrived like eer, self-employed HR [human resource] consultancy. So, I am told, what you need to do is this. Have you got, a disciplinary procedure in place? No! [he replies]”, (Harold).*

Given this social networking influence, Harold now understands people management differently: employing and managing people in conformity with the employment law, thus:

*“So that’s when as a limited company we started looking at employing people, getting them in with employment law entitlements”, (Harold).*

#### 4.2.14 Technology Realm

Reminiscing on technological advancement, George affirms:

*“There are things like the defibrillator that we have, and you wouldn’t find 20 years ago in case a member of staff has a cardiac arrest. There are all sorts of things, and society is becoming more complicated; because, society has become more wealthy”, (George).*

Continuing he says:

*“...and so. our role as business owners we have to be constantly looking. Because you don’t just want to be reactive you want to be at the front of taking employee’s needs as you can afford to. So, it’s changing all the time”, (George).*

Given the above, George conceives a people management that transforms in line with technological advancement.

Bobby also delves into the technological realm to conceive a people management of recruiting just a handful core employees while outsourcing the rest of the work, thus:

*“Most [of his business processes are] monitored by technology, technology has advanced to such a level now that eerh it has replaced eerh some of the people, eerh personnel eerhm and probably reduced our staffing levels by 5 to 10; technology, it’s a big investment technology it works very well”, (Bobby).*

#### **4.2.15 Regulation Realm**

##### ***Industry Realm***

Conceptualizing people management within this realm occurs as follows:

*“So there has to be a methodology about the company and it’s strictly a strict process. We are also tightly controlled by the Government through the Financial Conduct Authority so there are a number of things we have to do, and we are expected to do”, (Bobby).*

Similarly, George who runs an insurance venture interprets people management in the light of the Financial Conduct Authority dictates.

##### ***Employment Law Realm***

Inevitably, all my participant owner managers interpret people management in terms of the dictates of the employment law, thus:

*“... [employment law is] very, very demanding...especially the pension provision that has come through...the onus that was put on owners to provide and prepare their staff for this is major and there is no help whatsoever, it’s useless”, Demetrieve*

*“Aah, but that’s one thing [employment law] that has changed massively er, since 20 years ago. Eer, health and safety, has come on massively as well, there is things we have to do to check on health and safety that we didn’t do 20 years ago.*

*There are new moves across now for mental wellbeing as well as physical wellbeing...I think it's [employment law] balanced against the employer, but the employer can do things to make sure this is evened up", (George).*

Given what they perceive as adverse impact of the employment law, most of my owner managers prefer a people management that excludes engaging employees. However, those with dominant wealth end-goals overlooks this challenge.

#### **4.2.16 Rationality And Common-Sense Realm**

All my participant owner managers also conceive people management in terms of considering the logic and common sense. Therefore, they would always say: 'I think' as opposed to 'I learnt this' from my work experience, mentor, parents, network or academia. Consequently, several owner managers draw on rationality and common sense to interpret complexity of people management, thus:

*"...and I think especially as you grow as you take on more people from different backgrounds... because different people raise different challenges for you, as an employer... you also have to have a flat organizational structure so that I get to know them "...how you manage those people will change over time I think", (Peter).*

*"...but I do think as the company grow you may need different people at the top with different skills and that's a bit tricky, because obviously you are loyal to those who were there first and quite right, ...but I think loyalty is very important. I would always encourage people to be loyal", (Phillip).*

*"So, I think it's [people management] about knowing your staff, what their pin-points are. Because when you understand their pinpoints, you understand what motivates them. What will make them better. So, if Jerry's pin-point is money...so you got to keep him motivated by another sale, give him new technology, give him a way to embrace how he can get another sale. And somebody else's may not be money; he just needs a thank you. So, you say a thank you letter, or a nice card", (Alberto).*

These owner managers also delve into common sense as follows:

*“When we train people to use them [policies and procedures] we will always say look use your common sense, use like your perception, what’s necessary and use this as a guide; rather than saying you must fulfil all these criteria one by one, [or else] you lose that kind of personal connection especially when you are working with young people”, (Peter).*

*“but I think it [people management] is just common sense and being fair at the end, eer, people wanna see the real person and not somebody that is a clone”, (Doug).*

#### **4.2.17 Emerging Underlying Factors**

By simply scrutinizing all my SME owner managers’ narratives under each social construction realm, interrogating why they said what they said, I continue to observe that there are several underlying factors tightly embedded in these narratives. These factors help explain why and how my SME owner managers approach people issues in the manner they do including conceptualizing people management, see table below.

**Table 4.2.1 Emerging Underlying Factors Influencing Conceptualization of People Management Among Other People Issues.**

<b>SOCIAL CONSTRUCTION REALM</b>	<b>UNDERLYING FACTORS</b>
Primary Upbringing	Social learning Career experience
Tertiary Upbringing	Academic knowledge The 'university of life' experiences
Beliefs and Values	Spirituality. Values. Personality
Work Experience	Career experiences in people issues. Being a former managerial employee in a large enterprise
Entrepreneurial Motivation	Voluntary (attraction) and involuntary (job loss, family concerns) entrance into business.
End Goals	Wealth. Survival. Difference Making, Family Heritage. Spirituality Legacy.
Own Business	Previous sour employee relations. Previous zero-employee relations. Trial and error. Routines. Learning on the job. Lack of practical business experience.
Current Age	Aging influence- Retirement factor
Business Entry Age	Young age factor- Trial and error opportunity with limited impact on family, given mostly single
Economic Prudence	Risk. Cost
Professional Training	'Best practice' influence. Formality influence
Mentorship and Coaching	Social learning. Imitation. Trial and error
Networking	Social learning. Imitation. Trial and error
Technological	The constant change factor-Environmental dynamism
Regulatory	The constant change factor-Environmental dynamism
Rationality and Common Sense	Rationality versus irrationality. Formality versus informality.
Entrepreneurial learning.	

#### **4.2.18 Summary**

Partly fulfilling my second research objective, I have provided evidence that suggest how my SME owner managers leverage on entrepreneurial learning to acquire, generate and utilize diverse knowledge assets across different life stages. Further, they delve into various social construction realms and exploit their inherent knowledge assets to generate their unique understandings about people management. I have concluded this theorization in chapter 6, page 212. The next chapter theorizes the enactment of people management.

## **CHAPTER 4.3**

### **RESULTS PART THREE**

#### **THEORIZING ENACTMENT OF PEOPLE MANAGEMENT: PART ONE**

##### **4.3.0 Introduction**

In this chapter I address my third research objective: To theorize how SME owner managers enact people management. Considering, the emerging underlying factors which I highlighted in the preceding chapters, for example, motivations, end-goals, values, and environmental dynamism, enacting people management is inevitably complex and broadly contextualized. Quite apparent is how in traversing their arduous entrepreneurship journeys, my SME owner managers make iterative decisions about people management: doing so within continuously complex and dynamic macroenvironment. Below is my articulation of this multi sequential process.

##### **4.3.1 Being Motivated, Setting Up End-Goals And Business Entry Strategic Choices**

As I previously highlighted in Chapter 4.2, it is only when my participant owner managers get entrepreneurially motivated (attracted or forced) that they set up various entrepreneurial goals including clarifying their end-goals. Ultimately, they foster entrepreneurial intentions to set up their own ventures while their values moderated this motivation-goals-intentions interplay. Crucially, none of these individuals have an end-goal for managing people but are predominantly driven by any of these end-goals: wealth legacy, survival, family legacy, lifestyle and difference making. All of them, as I mentioned earlier have dominant independence end-goals (control, freedom and flexibility). Notably, none of my participant owner managers ventured into their own business straight from secondary or tertiary education life stages, but all did so in the twilight of their working life stage episodes. During this career episode and apex stage of their entrepreneurial motivation, they are driven by their above end-goals to make four key strategic choices, namely:

- To start a new venture or takeover an existing business.
- Immediately recruit or take over employees.
- Immediately go it alone and only outsource contractors or friends as need arise while leaving the issue of employees for later.
- Immediately go it alone while making a stance never to recruit employees except building a pool of contractors to continually work with or only outsourcing if it's critically necessary.

Craig attests the above as follows:

*“So, I started by a call out, time talking to an accountant who is now my accountant. The idea was how do I work for myself to give myself flexibility and freedom to have a lifestyle I would like to lead [Independence and life style end-goals]...understanding the implications of that [getting into business], and quite pragmatic from financial perspective...the legal implications...constraints...from eer, limited company, sole trader versus whatever, so I think that was the first thing”, (Craig).*

Continuing, he elaborates:

*“. The second was to try and articulate what I have always been doing [his competencies]. So, I wasn't going out and doing consulting different; I have always done leadership development, facilitating of strategic intent; embedding behaviour change and helping transform, transformative change [articulating what business to do]”, (Craig).*

Further, he addresses the people management question, thus:

*“So, I was quite adamant at the start that I don't want to build a big business, I don't want anybody working for me”, (Craig).*



Importantly, upon reflection, Craig, reiterates the superiority of his lifestyle end-goal in determining his business entry strategic choices including people management. Therefore, he stresses:

*“I wasn’t probably clear then [at time of getting into business] and I am clear now looking back that Duma [his business] was very much a lifestyle business. It was able to set up business to facilitate a lifestyle”, (Craig).*

Clearly, from Craig’s experience, getting into business and growing it is not exclusively dependent on logic and strategic planning, albeit involves numerous unplanned maneuvers, trial and error as well as adaptation.

#### **4.3.2 From Understanding People Management To Business Launch**

Given what I have shared above, I interpret that the broad context for enacting people management, therefore, entails this initial chain of events, namely: Entrepreneurial Motivation; End-Goals; Values; Intentions; Business Entry Strategic Choices; and Conceptualizing People Management. I have since articulated how entrepreneurial motivation leads to my participant owner managers to set their end-goals. Having set their end-goals, they then fostered entrepreneurial intentions, which they sought to exploit at the opportune time and translate their ideas into ventures. Crucially, it is during the apex period of seeking to exploit their entrepreneurial intentions that my SME owner managers make numerous business entry strategic decisions such as what business to get into, where to operate, what funding is required and how to raise it. Importantly, it is during this period that they for the first time confront or get confronted with the people question. In their attempts to answer this question, they end up as I explained earlier (Chapter 4.2) generating numerous meanings about what it entails to manage people, ultimately, coming up with their integrated unique understanding about people management.

This integrated idiosyncratic people management understanding is pivotal in guiding these SME owner managers to foster a preferred people management approach. Crucially, such a preferred people management approach is one that best advances their characteristic end-goals. It is my further interpretation that the various people

management approaches that my SME owner managers prefer to enact are distinct and, in this regard, I classify them into seven people management typologies, details of which I shall disclose shortly. Quite apparent, is how these owner managers mostly launch their ventures after generating their unique people management understanding. Notably, except owner managers who take over existing businesses, which already have employees, all new venture start-up owner manager entrepreneurs mostly prefer to delay engaging employees. This is attested in these remarks.

*“I suppose I am very hesitant at this time to do it [recruiting employees in his first year]”, (Austin).*

*“It’s [employees] definitely something in my mind in the future. eer, at the moment it’s just me”, (Frank).*

*“Eer, of course I would need to recruit people and down the road”, (Anzhelika).*

What is critical to all my SME owner managers is to launch safely with limited employee challenges; mainly focusing on getting their act together as they test their numerous ideas in a diverse and dynamic market, thus:

*“Eer, so because when you start business you are buzzing with ideas you have hundreds of ideas and they are exciting but if you put them down on a piece of paper, 80% of them, they just not feasible...So, I took about a month to do because I had to understand more about the market... and then basically just making the pitch better and better and better and better”, (Austin).*

In general, the default mode for my SME owner managers regarding business is mostly ‘Do it yourself first, For as long as you can, Recruit when only critical’ and I term this the DFR maxim, see below:

*“...long before you start employing anybody do it yourself... long before you start employing people make sure that you know your business inside out...because*

*otherwise you are going to employ people who are going to tell you how to run your business rather than the other way around”, (Kane).*

*“So I have learnt a lot about myself in the early days, what I do is that when I have a job, I do one of four probable things: either do it myself; I take on somebody to do it and pay them, just for that job; I outsource it, right; eer, or simply it doesn’t get done; or take on a member of staff to do it...[He repeats for emphasis] Now I know I am not good at employing staff: so I normally have these three: me do it; don’t do it or pay somebody to outsource it”, (Alberto).*

There are of course exceptions to DFR, in which case some SME owner managers recruited straightaway or took over existing employees, for example:

*“Eer, we recruited someone straight away someone that we knew to come and do the administration, so that Steph [his wife] and I could do the sales and recruitment consultancy. So, eer, it was quite; quite quickly”, (Shawn).*

*“When I came here I realized how good the people were. It was easy to actually really spot the good ones and also some were not so good”, (Henry)*

Importantly, those owner managers who did not follow the DFR but started with employees, immediately plunged into people management issues as evidenced below.

*“So again, you have to make sure if the business is to prosper, we have to retain the really good people and we have to do something with the not so good people”, (Henry).*

*“They [employees] wouldn’t listen to me, they wouldn’t do what they were asked; I was implementing changes that I wanted to put into my business, you know obviously it was failing for a reason....some people accepted that change very well, others were very resistant...eer, I love change, change is very positive but some wouldn’t play ball so I just got rid of them...eer, I think I sacked four of them in my first month”, (Donald).*

Overall, what is quite apparent from the above empirical evidence is that the period of waiting and acting on entrepreneurial intentions converting them into a business venture differs from one owner manager to another. This period tends to be much longer in the case of most new venture start-up owner managers. However, regardless of how long they wait and act on entrepreneurial intentions, for most SME owner managers, that day eventual comes, hence, they launch their new businesses or take over an existing business. This launching is of crucial significance in that it sets in motion recruiting triggers, which in turn ushers in a host of people management practices and subsequently, the people management enactment process commences.

#### **4.3.3 Recruitment Triggers**

As much as my participant owner managers would want to hang on to their DFR maxim, time will come when they mostly expunge this. Factors behind this change are what I term recruitment triggers, and my interpretation is that these comprise of mostly positive or negative externalities emanating from the macro-micro-environments. These include among others growth, being busy, new projects, lacking skill, prevalence of boring tasks, going on holiday, sickness, economic recession or boom. Below are the influences of growth and being busy, respectively.

*“So initially I was doing everything by myself, accounting...and stuff like that but then as it grows you start working with help from other people”, (Lucy).*

*“...when I got busy I thought about I needed to outsource some of the lower value tasks...so that I would be able to leverage my time and skills better eer by taking on somebody to do those tasks”, (Erick).*

The influences of lack of skills and prevalence of boring tasks as recruitment triggers are illuminated in the following:

*“So my thoughts were bringing in people who have got a different skills sets to me or that I am not so strong and who can come in and who can be able to come in work and bring a whole different level to the business really and brings, skills*

*sets I don't particularly have and also do tasks that I do not particularly enjoy", (Frank).*

Equally, strategic planning as a recruitment trigger is attested in the following narratives:

*"Anyone going into business know you can't do it alone, so you gonna have to employ people along the way...so yes knowing that I was gonna take workers [i.e. employees] on board...Also pre-configuring my idea [strategic planning] of the kind of staff I wanted and understand the kind of environment I was going be in were some of the things that I thought of", (Emeka).*

*"On average we grow by 6% per year. So, you need to grow by 2% to keep up with inflation...So, the idea is every 2-3 years we had another personnel", (George).*

Similarly, family and friends in need of a job also act as recruitment triggers. Equally, a community in need becomes a recruiting trigger for those owner managers driven by the difference making end-goal, thus:

*"So, part of my commitment to the community is to try to create jobs in Yellow City...my intention is to revive [manufacturing economic activity in Yellow City] ...that we could create a lot of jobs, hundreds of jobs possibly thousands of jobs and that we would make those jobs available to people in Yellow City", (Elijah).*

As is quite clear from the above examples, the significance of the recruitment triggers is to usher in the enactment of various people management practices commencing with recruitment and selection. Once these owner managers engage employees or contractors or workers, they will then enact people management based on their underlying people management understanding and indeed in pursuit of their end-goals. Specifically, this enactment mirrors seven people management typologies that I have socially constructed which are: Outsource and Collaborate, Lifestyle, Employee Core

Team, Family Legacy, Collective Endeavour, Social Responsibility and Spirituality Legacy. Below is my articulation of each of these typologies.

#### **4.3.4 Outsource and Collaborate People Management Typology**

##### ***People Management Understanding***

Outsource and Collaborate People Management Typology (Appendix H, page 325) espouses that the cost effective and hassle-free way to manage people is by collaborating with contractors through 'outsourcing' arrangements. Participants whose people management approaches mirror this typology are mostly those forced to get into business (e.g. via redundancy) and have dominant survival end-goals, for example, Lorraine, Lucy, Sasha, Luke, Doug, Erick, Liang, Alberto and Letticia. Equally, nascent entrepreneurs, although driven by wealth end-goals, prefer this approach, for instance, the cases of Austin, Anzhelika, Frank, Densel and Eliah.

Notably, these owner managers build a talent pool of retainer contractors: those they entrust to always collaborate with. Outside this retainer circle are other contractors they engage on a need to basis. Further, the retainers are in two categories, firstly, what I term Type 1 contractors whom the owner managers treat as associates because they also get engaged by these contractors (i.e. the contractors themselves are also SME owner managers). Secondly, there are what I call Type 2 contractors who only work for the owner managers and never employ these owner managers. Lucy and Liang have both Type 1 and Type 2 contractors, Letticia works only with Type 1, while Doug, Alberto, and Lorraine only have Type 2 contractors. Erick once recruited a Type 2 contractor but is currently working alone: lone wolf style. The following narrative affirms this.

*"There is different ways of having people work with you...so you can bring people in as associates and you are in a very good position by doing that sometimes because you don't have all that legalities with employing staff but if I have a resource bank with specialized; so if have a web designer, graphic designer, copyrighter, a photographer I pull them in where I want. So, I have a bank of people that I pull in as and when I need them", (Lucy).*

Notably quite a number of these owner managers have both the survival and sustainable retirement end-goals and their recruiting triggers are as follows:

### ***Recruiting Triggers***

Recruiting is triggered by any or a combination of these factors: becoming too busy, abundancy of tasks deemed inferior, yearning for more strategic use of time and skills, lacking required skills, going on holiday, new job tender and customer specifications.

Attesting the influence of being busy, Erick thus says:

*“Eeerh, when I got busy, I thought about I needed to outsource some of the lower value tasks”.*

Letticia affirms the influences of being busy and going on holiday as follows:

*“Eer, whether it’s because you need another pair of hands or just because I, you know, am too busy or I am on holiday or I am not gonna leave everybody in the large (i.e. will recruit)*

Further, the influence of lack of skills is illuminated as follows:

*“I received an email from an organization inviting me to put a proposal that involved skills sets that she [i.e. her associate] has [and Letticia lacks these skills hence trigger to recruit] as well as skills sets that I have. So, I have been in contact with her [i.e. recruiting her] and we are going to put a joint proposal together and we will present it as a joint proposal”, (Letticia).*

Customer specification as a recruitment trigger is affirmed, thus:

*“So, I now have a guy who works on site...because people [i.e. customers] would say yes its fine you can go [i.e. to go home earlier so she can attend to her physically challenged daughter] but when that happens they [i.e. the customers] turn on you*

[hence triggering her to recruit a contractor to work on customer sites while she works from home]”, (Lorraine).

### **Recruiting**

Recruiting is via any or a combination of these ways: networking, word of mouth, social media, job boards, and recruitment agencies.

Of the above, the owner managers mostly use networking to develop rapport and build trust before roping trusted contractors into their talent pool, hence these narratives.

*“The people I use as associates I spend time getting to know them first [i.e. through networking] talking about the eer assignments they have worked on; getting a feel for them as experts in their field really and it is very much a values thing really and feeling that you are coming from the same place in terms of how you approach things and how you deal with clients, eer how you deal with employees as well”, (Letticia).*

*“Well it was somebody I knew [contractor recruited] and had known for quite a while. So, I didn’t go through an agency or anything. In fact, very seldom have I gone through agencies to recruit people”, (Luke).*

Evidence about word of mouth, networking and reverting to recruiting agents as last resort is as follows:

*“Aah, usually it’s word of mouth [recruiting] or in a meeting like this. I would be introduced to somebody; or somebody with sales. It would be networking, yah, it will be networking; when it will be late then recruitment consulting that sort of thing”, (Doug).*

Giving evidence on why these owner managers avoid recruiting agencies to engage contractors, Lorraine complaints:



*“Eer, I have had a couple of people [Type 2 contractors] working for me off site, and it hasn’t worked out, I mean I recruited them through recruitment agency...either they had full jobs they hadn’t declared, or they are doing the job naively”.*

Apart from networking, social media and job boards are also used, thus:

*“So, I put up a lot of adverts [on social media] and I was very clear: we are looking for professional hairdressers that freelance at the moment [and] are looking to work with an upcoming events company and asked them to send their CVs”, (Liang).*

*“...then if I can’t still find what I am looking for then I will visit the MMU for example, it has a job board”, (Alberto).*

### **Selection**

From recruitment, the owner managers proceed to selection using these factors: informal chatting, interviewing, preliminary skills and relationship testing, trust and rapport appraisal of contractors, prioritizing personality, experience, expertise, reputation, ethics fit, politics, and trust over academic qualifications.

Liang demonstrates the above as follows:

*“Well, I like an informal chat over coffee and a bit of some lunch, and I get to know them [i.e. prospective contractors]. I ask questions like you are asking so that I can really get an understanding where they came from and why they are doing what they do and what they want in the future...then we figure out whether we can work together”.*

Affirming use of informal interviewing and testing, Alberto also recounts:

*“...I will interview [informally] you [prospective contractor], if I think that you are ok, you are trustworthy, I will test you”.*

The above testing is not comprehensive but serves to make the owner managers appreciate the skills of the prospective contractors, thus:

*“...well I just have a copy [of CV] and see what they are about or test them out on a few things on a few questions”, (Doug).*

Although, in the short term, owner managers using this Outsource and Collaborate People Management Typology use informal chatting, interviews and preliminary skills testing, their most preferred selection method is long term networking, building rapport and trust. In this regard, to ultimately select the desired contractor, they use seven-pronged selection criteria: personality, experience, expertise, reputation, ethics/values, politics, and trust.

Testifying about reputation, Lucy affirms:

*“You know these are people who know how I work, and I know how they work, you know this is how it is: it’s just referral; these associates are tried and tested because its reputation at the end of the day”.*

The criticality of trust and values is demonstrated as follows:

*“There is another HR Consultant who I met once and we were in a network meeting and we stood up to give a 60 seconds (i.e. their pitch) and he stood up and he used the analogy of employees as ‘rats in the sewer’, saying, ‘If you want us to get rid of the rats in the sewer’ and I felt definitely that is not anybody that I want to put up in front of my clients....I am not there to do the employee down or to give the employee a bad time. My role is to be objective and to be fair”, (Letticia).*

The crucial role of expertise, ethics and politics in the selection criteria is attested as follows:

*“...they [contractors] are more partners than employees...They are quite a bit older... They don’t really need mentoring...knowledgeable in an area I am not but I know is connected to what I want to do...has a framework of what it is to work hard and be right fashioned... and I think somebody who is kind of ethically aligned to me... I wouldn’t work with somebody who I feel is greedy, or selfish or old fashioned in that way... well I will check them out on LinkedIn profile just to see they did not work for some big corporation I don’t like... I just check their politics quite quickly just to see where they stand on a set of issues”, (Doug).*

Quite interesting, is how these owner managers overlook academic qualifications, thus:

*“For me it’s not academic; I am not academic...but for most of the jobs in life it’s about common sense, it’s about being street wise, it’s about showing enthusiasm. It’s about having a personality”, (Alberto).*

*“I recruit a lot on personality and character. Right, I don’t go looking for a technical specification; and so, I have often recruited people who have not necessarily been qualified in the area that we work in”, (Luke).*

Why academic qualifications are not highly valued is explained as follows:

*“I think it’s recruiting on behavioural traits. In fact, it is said that conventionally 80% of the people are employed on the basis of their technical skills and 80% are sacked on the basis of behavioural failings”, (Luke).*

*“Eer, so it’s really a question of do they [contractors or workers or employees] have the skills that I need, or we need. Coz I kind of know what I am looking for in a person or in terms of skills set. So, a kind of I have got a good idea of what I need; and then it’s a question of “kissing a lot of frogs”, (Doug).*

### ***Employment Contract***

Formalization of the engagement of the selected contractors is quite simple: just a basic agreement in the form of a quotation, an order and an invoice; in other times outsourcing a recruitment specialist, thus:

*“I had paid another recruitment agency to draw out a proper contract [given she was using just a basic one]”, (Lorraine).*

*“It’s a very open relationship if you like because obviously, they can go and do their own thing. We have a contract that basically says we are not responsible for your pension; we don’t pay you fulltime or anything like that”, (Liang).*

### ***Deployment and Induction***

There is no induction but immediate deployment because the contractors are

*“highly skilled because they are all professional...they are all in niche service being skilled in what they do”, (Liang).*

However, the owner managers hold a pep-talk ensuring there is vision fit and shared understanding of service deliverables, thus:

*“Some events company would just outsource people that they don’t really know and then when they get to the event it’s just carnage, absolute carnage...they don’t know each other, they don’t understand how each other work”, (Liang).*

### ***Work Ethos And Relations***

Work ethos and relations vary along the lines of Type 1 or Type 2 contractor work environment. In a Type 2 contractor work environment, the owner manager is more like the boss and the tendency is to slightly imitate the employee work environment in respect of communication and some other administrative issues, thus:

*“I make sure that we discuss any decisions with them. You know I do discuss almost everything: a debate. So, they are very much important to what the*

*problem is. So, we normally start our meeting with the cash flow, what we need to bring in by when, and eer, eer, and in a sense they are learning from me about how I, eer, I don't get too rattled when the numbers [income] get too thin because I have been there before", (Doug).*

Indeed, the above is akin to an employee staff meeting discussing performance and compensation issues. This is once again demonstrated in the following example.

*"...another thing we do, during the get together events, I do a talk about my vision for the company and my idea about quality, customer services, and a way of conducting yourself with our customers... So, I make sure that they learn from the way we do things and it's voluntary. And sometimes there are guest speakers on customer psychology and so forth, and most of the time they [Type 2 contractors] are interested in these talks", (Liang).*

Conversely, Type 1 contractors are more independent and there is no boss-employee relationship, but the owner manager and the contractors are just comrade in arms: owner managers engaging and mutually benefiting each other. Therefore, instead of regular 'staff meeting' it is mostly networking, thus:

*"I think you have to stay connected through social media and networking and talk to other people [current and future Type 1 contractors]", (Letticia).*

Consequently, when something pops up, the owner managers then select the appropriate contractor to work with after which they undertake a specific meeting to discuss how the two will go about with the task at hand. I have since mentioned earlier on (page 133) how Letticia arranged for some meeting via networking with her associate so that together they can submit a single proposal.

Importantly, the general relationship is more peer to peer, professional and characterized by mutual reciprocity, thus:

*"I am trusting them [Type 1 contractors] to deliver what I want them to deliver...Its partly knowing their reputation and eer the work they have done for clients of their own... knowing the things they feel are important, their values I suppose in the way they deal with people in building that trusting rapport", (Letticia).*

Equally, Lucy talks about returning the good favour, thus:

*"...they [Type 1 contractors] also come to me and say... I want you to do this for me and do that for me; it's the same, same situation....and that's how it works".*

In sharp contrast, for Type 2 contractors, its more to do with keeping together and boosting morale, thus:

*"What we do is, through social media, eer, we are developing a website at the moment, on the log-in side we have all the freelancers who work for us [Type 2 contractors]. A bit of like a community where they can all talk to each other... Secondly I connect them all through social media so that they can see each other's progress...Thirdly, I make sure I get them all together ...be it social events or what have you, we all get to know each other. And I encourage them all to tell each other what they do, about themselves, their experience, what events they have done with us in the past", (Liang).*

This keeping together and teamwork, being contractors working for the same owner manager is further demonstrated below:

*"Aah, we have to work as a team...share the responsibility and share the rewards as well. You know, I think sharing is the critical think; sharing of the good and the bad and that's what communities and families are about", (Doug).*

However, in relating with Type 2 contractors, the dilemma that these owner managers frequently face is how to balance supervision and delegation, especially considering these contractors are not their employees.

*“...at one hand is the kind of you just say aah, look you know lets, get on with that and you now trust them to do it but they do not do it but they take the money... the other is nailing down the contract so tightly that there is no added value in getting the people being allowed to be creative. So, getting the balance right between those two things is incredibly important [and very difficult]”, (Doug).*

The owner managers usually resolve the above dilemma via trial and error, thus:

*“trial and error, trial and error, honestly just trial and error [adding] if it doesn’t work, then stop...that brings the difference and that’s what we have been doing for the past ten years now [further justifying learning via trial and error he says]...you don’t make the same mistake twice basically because if you did you are an idiot. But you should make mistakes because otherwise you won’t learn”, (Doug).*

### ***Performance Management***

Similarly, performance management is done in the light of mutual trust, reputation, professionalism, and reciprocity, given each party (contractors and owner managers) are experts in their respective fields, thus:

*“...these associates are tried and tested because its reputation at the end of the day. The other thing as well, with associates they are freelance, yah, so, if I don’t get paid, they don’t get paid, right, if they don’t do a good job I don’t pay him....so it’s a win-win....and they also come to me and say .. I want you to do this for me and do that for me; it’s the same, same situation....and that’s how it works”, (Lucy).*

Simply put, for Type 1 contractors, (associates) each party is self-monitored and self-driven by the ‘what is in it for me’ syndrome thus self-regulating to drive performance.

Conversely, Type 2 contractors require minimal performance management mechanism, thus:

*“I create, get all my freelancers regularly together, so they meet each other, they understand what each other does, they understand each other’s talent, personality, and when they get to events they already know each other...we work a bit like Uber [i.e. the Tax company] So, if they come and do an event with us and our client awards them 5 stars on our website, we reward them...because that [i.e. great customer review] has helped our business; so we reward them in some way, whether it would be vouchers or money...and we tend to retain our freelancers because they think this is very cool”, (Liang).*

*“Well, different people it’s like football managers has a big team: some need a curdle, some need the TLC (Tables Ladders and Chairs implying being wrestled. This is a phrase borrowed from wrestling sport), some you need to say you two broken children, thank you very much and they go away. Some other people just need to refer, and you go on showing them; they don’t want this TLC, they don’t want this micromanage. You got to realize, who is, what their capabilities are and what you have got to do to get the best out of them. So, I think it’s about knowing your staff, what their pin-points, because when you understand their pin-points, you understand what motivates them. What will make them better; So, if Jerry’s pin-point is money...so you got to keep him motivated by another sale, give him new technology, give him a way to embrace how he can get another sale. And somebody else’s may not be money; he just needs a thank you. So, you send a thank you letter, or a nice card. It’s nice, it’s simple but effective”, (Alberto).*

Clearly, you cannot do what Alberto is describing to a Type 1 contractor, for they are their own boss.

### ***Training and Development***

There is no training and development given the contractors are experts in their fields. However, some Type 2 contractors may need little guidance, thus:

*“they need a little bit of direction, they need business direction”, (Doug).*



## **Rewards and Compensation**

There are no salaries, pensions except what is agreed upon on the invoice, thus:

*“We have just under fifty in LHU [name of his venture] but they are not employees, they are all on contract or are volunteers or on joint ventures. I don’t pay somebody’s national insurance, pension or tax. No! if you want to work for me because of your skills and I think you are good enough then you must pay your own tax, your own national insurance and your own pension. You will give me an invoice and I will give you that amount of money into your bank”, (Alberto).*

Behaving similarly is Doug who uses quite a fascinating ‘hunt together and share’ reward system, thus:

*“Yah, yah, who needs what? [asking contractors about their reward needs] Who needs feeding?... I make sure that they know it can vary because if we don’t find anything then we all cannot get fed. So, we all have to hunt for food together, essentially, we have to work as a team to hunt for food; aarrh and they know that, they know that there is a risk”.*

It is important to note that Type 2 contractors can get incentives (e.g. vouchers) as explained by Liang but Type 1 only get what they contracted for.

## **Grievances And Discipline**

Regardless of it being a Type 1 or Type 2 contractor situation, enforcing discipline is quite challenging. This is primarily because as Liang mentioned earlier (see employment contract sub section) it is an open relationship. Further, pilferage is a major threat as shown below.

*“Eer, so we had one situation where we had an individual that came to do two events for us and she is a very skilled person and great in events but after that she tried to steal our customers”, (Liang).*

To administer grievances and disciplinary issues involving Type 2 contractors, my

participant SME owner managers can immediately sack the contractor or as they mostly prefer to do, hold several friendly informal chats giving the contractor a second chance, thus:

*“I can stop [engagement] at any time [especially owing to shoddy work]”, (Doug).*

On the other hand, it can be the giving of a second chance, before termination, thus:

*“I had a bit of a word with her [Type 2 contractor engaging in pilferage] and said: ‘that’s just bad business, I will never do that to you...and I don’t work like that it is very dishonest...it’s not what we stand for...so we gave her the benefit...and she did it again the second time. At this stage I said: ‘listen, I don’t think we can work together anymore, it’s not fair on the others. They are all working in this collaborative manner and we are all trying to support each other through this journey and you are not on board with it. You clearly just want to work on your own and that’s fine. So, we are not gonna be doing any more business together’”. (Liang).*

The giving of a second chance is to avoid unnecessarily disrupting their operations. Notably, the above is not the case with Type 1 contractors as the owner managers will just terminate the relationship, withhold the contractor’s compensation. It is in this context that Lucy earlier on mentioned that she will not pay the contractor if owing to the contractors’ poor performance, her customer does not pay, (page 141). By extension, she will sue the contractor for damages if the customer claims compensation. Below is another classic example of addressing Type 1 Contractor disciplinary issues, thus:

*“Eer, I used to, I came across [a Type 1 contractor] she was an accountant actually a good few years ago now and she referred me to one of her clients who I stopped working with because I didn’t like her approach to her employees; I did not share her values if you like. But she used to refer to her employees as terrorists”, (Letticia).*

Further, below is a typical example of the owner manager now becoming a Type 1

Contractor, thus:

*“I had an arrangement with an employment lawyer [Type 1 contractor] where she was subcontracting me as an associate into a client of hers. And I find the way she managed the client difficult to deal with. Eer, so I decided in the end to extricate myself from the agreements with her, just because I didn’t like the way she worked”, (Letticia).*

Crucially, it is quite clear that owner managers’ personal values are pivotal in administering grievances and disciplinary issues and the overall keeping of the employment relationship.

#### **4.3.5 Lifestyle People Management Typology**

##### ***People Management Understanding***

This typology espouses that the cost-effective way of doing business is to do it yourself, never to recruit employees and only recruit contractors in exceptional cases, (Appendix I, page 327). Crucially, the only people to manage are the owner managers’ customers and other key business stakeholders. Craig, Kane and Isaac are typical life stylers whose people management approaches mirrors this typology.

In this regard, Craig has since demonstrated this typology (page 92), vowing not to employ anyone while below he justifies that it was all to pursue a characteristic lifestyle, thus:

*“[his business is] not a vehicle to change the world or make thousands of millions of pounds of money or to make a name for myself but to particularly facilitate a lifestyle ...I didn’t want that burden from other people”, (Craig).*

Similarly, after previous sour employee relations in his first venture, Isaac transforms from the Collective Endeavour People Management Typology, which I am yet to explain to the Lifestyle Typology. Therefore, he stresses:

*“Eer, and then decided I didn't want any employees anymore, it just had to be only me. So, I set up my own consultancy again doing IT; and I deliberately made two decisions one was not gonna have any employees. So, in terms of the amount of work even from day one when I wasn't fully booked, I was always going to limit the amount of work I was going to take. So, it will be only me. The other decision was that I would I want the lifestyle of being self-employed I wanted the flexibility. So, I wasn't going to work ridiculous hours and I would mix with church, family and all the other things, that was the deliberate decision”, (Isaac).*

Equally, Kane also transforms from the Collective Endeavour Typology to the Lifestyle Typology emphasizing:

*“...it came to a point in my life when I was just turning fifty, eer, that I decided No! [i.e. no more workers]. I just wanted to do it for and by myself from now on”, (Kane).*

Apart from aging, Kane had also found employing people very difficult (page 81) hence deciding to go solo (Lifestyle typology) arguing he no longer wants to be ‘*father confessor*’ and that his end-goal has nothing to do with wealth legacy, (page 109). Please note that there are lots of synergies between these typologies, for example, even Lucy, Lorraine, Liang, Letticia, Alberto who are predominantly using the Outsource and Collaborate Typology they are also ‘Life stylers’ as their primary focus is about themselves and being in control, thus:

*“I never sat down and said I was going to be the next Virgin or Nike it wasn't anything like that. It was a very steady evolution [of about herself]”, (Lucy).*

Other owner managers who behave in lifestyle fashion are Austin, Frank, Peter, Anzhelika, and Eliah. Whenever typical life stylers (Craig, Isaac, Kane, Erick) recruit its either because of an emergency or they have transformed or added new end-goals. Below are their recruiting triggers

## ***Recruiting Triggers***

Recruiting under the Lifestyle people management typology is triggered by any or a combination of these factors: Lacking skill or knowledge, tasks deemed boring, tasks deemed sucks energy, tasks deemed time wasting, manpower, new project, and key employees' demands, thus:

*“...there are things that you are very good at; they excite you; and energize you; and you do very, very well...that’s what you should focus your time on. And then these things that you have to do in business and probably not very good at that you don’t enjoy sucks your energy out of you; if you can focus on your unique ability. You need to find other people to do some of the other work, and I recognize that, intellectually I recognize that... So, the reason I took Sue on is on recognizing that there are stuff that I didn’t enjoy doing and that was getting in the way of things that I enjoy doing”, (Craig).*

Isaac also accounts for the influence of manpower by saying without it he cannot fulfil his newly found ‘difference making’ end-goal, thus he speaks:

*“...with Bright Future then I am actually taking a different approach, because I need employees. I know I cannot do without [can’t achieve the difference making without employees]. It’s completely different”, (Isaac).*

Above is very important evidence that shows how these owner managers transform their people management typologies whenever their end-goals change. Interesting indeed, that Craig and Isaac who are staunch life stylers are now recruiting. Importantly, this foretells the crucial role of end-goals in my looming substantive theory for people management in SMEs.

The influence of new projects as recruiting triggers is attested as follows:

*“The rest of the time each project is different, so we don’t know if we need to employ architects, or graphic designers, or furniture designers...So most projects*

*we subcontract staff. The scale of our project differs...so, you couldn't possibly retain staff [employees], so it's just project-specific", (Sasha).*

As is quite apparent, my SME owner managers' people management approaches can easily shift from reflecting the Lifestyle Typology to the Outsource and Collaborate Typology and vice versa. This significantly points to the evolution of people management as these owner managers traverse their entrepreneurship journeys: indeed, this is yet another pointer to what my substantive theory is mostly going to look like.

### ***Recruitment And Selection***

This is the same as in the Outsource and Collaborate Typology, thus:

*"Eer, if you are not gonna spent a lot of money on advertisement so I used facebook and connections and LinkedIn a little bit and try and find and attract people to me", (Craig).*

Similarly, selection is still based on skill, personality, and experience, while trivializing academic qualifications, thus:

*"...It's not just recruiting on skills but recruiting on passion, about capability...Aah, its, its, it's about having the right attitude I think and the right capability", (Craig).*

In general, life stylers find recruiting very difficult, thus:

*"So, I think for me I haven't cracked it [recruiting], I am learning but that's what I will be trying to tease out in future recruitment exercises, I will be trying to tease out that", (Craig).*

### ***Work Ethos and Relations***

In general, this is the same as in Outsource and Collaborate Typology. However, owing to their much higher propensity for independence (control, flexibility, freedom) Life stylers mostly struggle to adhere to regular meetings with their Type 2 contractors, thus:

*“Eer, regular communication; regular engagement; regular talking; I know Sue and I sit down we try and sit down virtually or together at the beginning of the week...We used to do it [i.e. meetings] religiously, its drifted it’s a discipline I need to re-instil”, (Craig).*

Notably, work ethos and relations for both Lifestyle and Outsource and Collaborate Typologies strives to foster informality and avoid imitating large firms, thus:

*“So, trying to find a way of minimizing what I see in large organizations and the level of people, bureaucracy that surround people, (Craig).*

### **Performance Management**

Just as in the Outsource and Collaborate, in general, the rationale behind performance management is to avoid micromanaging, hence:

*“giving people the responsibility and autonomy and the accountability to try and do their job while I do mine”, (Erick).*

*“it’s easy to forget Sue [i.e. his Type 2 contractor] exists. I, I am not very good at....aah [ performance supervising]....I am very empowering, I am very eer, very trusting. I just let her get on with it”, (Craig).*

However, where propensity for control is much higher and coupled with low business experience and strong career background in strict supervision, then mistrust mushrooms and micromanaging take place. This is attested by Austin (page 98) who argues because of his tough upbringing he expects nothing short of real hard work. Particularly, he thinks employees will steal from him, thus:

*“I have struggled in my early years due to several things... Because, it’s not like I am in a big firm [his voice becoming negative and hoarse] eer, because it’s just me: you will be screwing me, no one else. You will just be screwing me. So, I think I would like to see that emotion part”, (Austin).*

With regards to employment contract, deployment and induction, training and development, rewards and compensation, grievances and discipline there is no difference with what takes place under the Outsource and Collaborate Typology. Notably, the Outsource and Collaborate as well as the Lifestyle People Management Typologies have a distinct feature in common: They are all reflected by participant owner managers who do not like to engage employees but prefer contractors or working alone.

#### **4.3.6 Family Legacy People Management Typology**

##### ***People Management Understanding***

Family legacy typology (Appendix J, page 328) advocates that the cost-effective way to operate your own business and manage people is to run it as a family business, keeping decision making in the family and ensuring employee recruitment and management does not upset the family legacy status quo, thus:

*“...when I joined AZ Trading, I thought my working days were over, eer, I was marrying the boss's daughter, and I thought oooh this is gonna be a real successful business and I am gonna be comfortable here; but, little did I know at the time that I was eer, entering a family business...blood is always thicker than water”, (Batista).*

Phillip and Henry are non-typical family business owner managers who also in some few instances enact people management practices that reflects this typology, thus:

*“...well I come from a family business....I've now been running this business, family business for eer, over 7 years nearly eight years....the reason I say it is still a family business is because the Chief Financial Officer, he is a chartered accountant and he is my son... this particular business, here I would like to hold on to it, I would love it to stay in the family when I can no longer or able”, (Henry)*



### ***Recruiting Triggers***

There are several factors that tends to influence recruitment decision under the Family legacy people management typology, and these are: Family member in need, friend in need, needing to consolidate trust and power within family and friends, business strategy, need to grow the business, thus:

*“...I have also had a friend strong family member that we knew, and she joined the company...another thing is I have had a friend who worked for me for 14 years and he was my best man”, (Batista).*

### ***Recruitment And Selection***

To recruit outsiders, the family legacy typology mostly uses social networks and occasionally advertise and engage recruitment agents, thus:

*“So, we have done recruitment through recruitment companies, we done recruitment by advertising in newspapers and we have done recruitment by saying to somebody in the office: ‘do you know anyone in need of a job”, (Batista).*

Selection is mostly via informal chatting, thus:

*“I am the worst person to recruit because I don’t interview...I am not into this psychometric test whatever. I chat to people, I want to know the person and that is critical that they are gonna fit in because we are a very small group, we are a family group”, (Batista).*

Importantly, recruitment preference is firstly for family members, then friends then others on a person fit basis, thus:

*“...and because we are a family group, sometimes you think to yourself that you don’t like anybody to come in...you don’t want anybody to come in and change the dynamics of that family, like governing another brother or sister but its more about gut feeling and how that person is gonna fit in”, (Batista).*

Equally, academic qualifications are overlooked, thus:

*“Well, these days a degree is the key, that’s all it is, and I am not undermining the amount of work that has gone into that to achieve that degree or anything. Bravo! full respect, but all the degree is, [just a paper] its great if you have got a 1<sup>st</sup>, a 2.2 but it’s just archaic; you have to prove that you have got a degree”, (Batista).*

### ***Employment Contract, Deployment And Induction***

In general, the owner managers prefer writing up the contracts by themselves, albeit, fearing employment law risk, they end up consulting lawyers and or recruitment experts, thus:

*“Because you are running a business and you don’t know where you stand. You don’t know what are your rights; because they change on a weekly basis. You don’t know where you stand and what you can say to that person... Because the world is a different place and it is so employee oriented and so employing somebody you have to be so careful... So, rather, than, leaving myself exposed or saying the wrong thing, I would much rather have somebody in HR guide me... Yes, a solicitor we use as and when; but that solicitor has been involved with the business for 36 years”, (Batista).*

Notably, there is no comprehensive induction and deployment to workstation is immediate.

### ***Work Ethos and Relations***

The primary objective is to advance family legacy, treating non-family member employees as aliens, hence, Batista argues *“Blood is thicker than water “*. Further, although the owner managers hold business meetings, informality is rife, and they frequently take business issues with them in the home set up, thus:

*“Blood is always thicker than water, so at a family meal, I sat there with Billy’s youngest son, Stephanie’s [his wife] brother, and we are having this meal and he invited his son to join the company, his name is Hendricks. So, I was a bit out by*

*that because he didn't discuss it with me [given he was the managing director] but mind you, why should he discuss with me, it's nothing to do with me [i.e. being non-flesh and blood]", (Batista).*

To demonstrate that blood is thicker than water, Hendricks had abandoned his father and family business and started a rival company. Although, Batista remained faithful working hard to keep the family business afloat, still, he was treated as an outsider. Notably, Batista's father in law would insinuate that if only his son, Hendricks, was around, business would have been much better, thus:

*"what this business needs is Hendricks [Bill's son], Hendricks can do this; Hendricks can do this, Hendricks will do that, Hendricks, Hendricks, Hendricks', [Batista, therefore, concludes] So not only was I an outsider but I didn't have any backing of my father in law", (Batista).*

Further he emphasizes how he was side-lined, thus:

*"although as managing director, I always knew that it wasn't my business, and I always felt that I have been given a poison chalice, and that I was allowed in the boxing ring with one hand tied at the back and I always had to prove how I have done well, how I have done this, ok I was up against it", (Batista).*

After his father in law passed away, Batista eventually took over leadership of this family business. Interestingly, he too is perpetuating this 'blood is thicker than water' family culture and he is very much against increasing employees, especially outsiders. He argues doing so, will turn him into a "*group monster... because staff [non-family employees] are the monsters*". He proceeds to consider himself as a parent who looks after his employees and the latter should obediently follow his vision, thus:

*"...the company shares my ethos, my values, my personality...Ok, so I make the office environment as friendly and as homely as possible...every Friday afternoon we go out for lunch, we go out drinking...being a managing director, I become*

*paternal, ...I put meals in their table, I am the first person in their family members, I pay the mortgage, we help them do this”, (Batista).*

### ***Performance Management, Training And Development***

Given the “*blood is thicker than water*” family business culture, Batista admits lacking a robust performance management system, thus he concedes “*No there is nothing in place...*[and he adds] *we don’t have any KPI [Key Performance Indicators]*”. His belief is that subjecting family employees to robust responsibility and accounting is akin to “*governing another brother or sister*” and ultimately disturbs the family and its ecosystem. Although, his performance management is not rigor, he however, asserts:

*“We are not loose. We have lots of procedures: we have ISO 9001, we tight”, (Batista).*

The above assertion is quite interesting given that in general, ISO certification encompasses rigorous assessment for which when it comes to performance management, key performance indicators must be clear and robust and yet Batista acknowledges he lacks. This assertion potentially points to a case where documents used to attain certification are robust but the situation on the ground is different.

With regards to training and development, this is generally not comprehensive and very informal. Even Batista himself has not accessed any robust formal training and development apart from expected on the job guidance and coaching, thus:

*“I have had no sales training; I have had no training in any job that I have ever had”, (Batista).*

### ***Rewards and Compensation***

Remuneration is as stipulated in the employment contract and strives to comply with the employment law. In general, rewards and compensation are biased towards family employees, thus:

*But then I have got a brother, and another brother who family business don't see what goes on; they think pound signs, you couldn't even change a car, you couldn't even go on holiday, without them saying; oh, it's not right for you [and yet Batista was the managing director]..So, that's what I mean about family business and I think I was an outsider: money corrupts everybody".*

The quote above shows that because inner circle family members were remunerated better than Batista, they did not consider his concerns about being mistreated, hence Batista's use of the phrase "*money corrupts everybody*".

### ***Grievance And Discipline.***

The Family legacy typology, as reflected by Batista's people management approach indicates that there is much lenience to the 'flesh and blood' family employees and the family business owner manager mostly act when deviancy reaches critical levels. Batista has had close friends and family employees who have been troublesome and has had to talk to them informally on several occasions, but the employees concerned did not reform. Only as a last resort, Batista decided to part ways with them and in one case he just informally agreed with the close friend and in another case, he involved a recruitment specialist to arrange how to part ways, thus:

*"With Tom, that was potentially really, really messy, eer, there was no solicitors involved it was just a case of you are leaving...we could not have an argument because the evidence was so compelling", (Batista).*

As for his best friend and accountant, he explains:

*"When the accountant [Rodney] went off the rail, I had many, many meetings with him", (Batista).*

When Rodney, continued his deviancy, finally, Batista sought help from a lawyer, thus:

*"Rodney [the accountant], I have had to have an agreement with him, with solicitors' agreement, so there was a tribunal, so it was an agreed settlement".*

Continuing, he reports about his family friend:

*“...and then the other person who was a tenuous family friend [after several meetings] eer, we went to an HR company and we had meetings with her offsite, because she felt she couldn’t come into the office, and so we just had an agreement with her”, (Batista).*

Explaining what happened in the meeting with the human resource consultant and with a tone and body language that shows disinterest in this process, Batista narrates:

*“And you have to have a meeting to discuss in a meeting and if that person doesn’t feel they are well enough to return to work then you have to put the procedures in place and then yad, yad yad, yadder [i.e. bla bla blaah]; and that’s the reason why we went to HR, as we were exposed”, (Batista).*

What Batista has also done is to link performance and discipline with rewards, thus, he affirms:

*“It doesn’t mean that I am going to take all problems on board, but if somebody is being lazy, or obstinate or counterproductive, then what do one lose then, because the bonus and everything else is discretionary”, (Batista).*

#### **4.3.7 Summary**

I have theorized about how my SME owner managers leverage on their unique people management understandings to come up with an assortment of approaches to manage people. Further, I have classified these approaches into seven distinct people management typologies, for which in this chapter I have articulated the Lifestyle, Outsource and Collaborate and the Family Legacy. Both the Lifestyle and Outsource and Collaborate Typologies mirrors the people management approaches of those owner managers who mostly are negative about employees and managing them. Consequently, they mostly prefer to work alone or recruit only contractors. On the other hand, Family Legacy Typology reflects the people management that prevails in family

businesses in which employee relations mostly favour family employees, followed by friends while outsiders are generally marginalized. I articulate the remaining typologies in the next chapter.

## CHAPTER 4.4

### RESULTS PART 4

#### THEORIZING ENACTMENT OF PEOPLE MANAGEMENT: PART TWO

##### 4.4.0 Introduction

In this chapter, I continue addressing my third research objective: To theorize how owner managers enact people management. Specifically, I articulate how people management approaches of those SME owner managers who mostly prefer engaging employees are mirrored by these people management typologies: Collective Endeavour, Employee Core Team, Social Responsibility and Spirituality Legacy.

##### 4.4.1 Collective Endeavour People Management Typology

###### ***People Management Understanding***

This typology (Appendix K, page 329) postulates that the cost-effective way to operate business entail recruiting employees, treating and managing them as the single most important asset for the business and when necessary outsource contractors, thus:

*“...the first thing I know is I cannot run this business on my own, I cannot do it; So, I need people [employees] in the business to help me run it...I am interested in the task, but I know I cannot achieve the task without the people... It’s putting the people and the task together”, (Henry).*

Further giving evidence, he stresses about collective responsibility, thus:

*“We push that decision [recruitment] down the line...there is only three people who recruit here, I don’t recruit; I haven’t. So, there is the finance manager, the contracts director and the responsive manager, which is the maintenance manager; and the finance person underpins everything. Aah, so, they are all [collectively] getting better at it”, (Henry).*



## ***Recruiting Triggers***

To recruit, the owner managers are triggered by these factors: Lack of skills or knowledge, work load, business strategy, recession and booms, new business design, non-performing employees, information technology, business strategy, becoming busy, employee morale, winning job tender, filling the gaps, promotion and key employee demands.

Giving evidence, Henry justifies that his firm recruits when they *“can’t do all the work by ourselves”* or when they *“don’t have enough people”* or they *“don’t have all the skills”* or they *“have a bigger contract”*. On the other hand, Phillip affirms being triggered to negatively recruit (downsize) when there is a *“recession”* or when *“using IT more successfully”*. He also recruits to *“fill in that role”* of a non-performer or in line with a *“new design”*.

As for business strategy as a recruiting trigger, George affirmed this (page 131) while Harold affirms the workload factor by saying *“when we got busy”*. The influences of key employees, team morale, being overworked on recruitment are as follows:

*“...being desperate for somebody to take on some work and then hire...other factors would be eer, negative one is the morale of your team...people are really screaming at you...overworked and need help...on the positive side will be new contracts...hire to fill the gaps left behind...so if somebody came to me and said I want to do this role or would you create this new role for me and I particularly wanted to keep that person [i.e. a key employee] even if it doesn’t make quite strategic sense I would sort of make it happen a little bit quicker, I will hire somebody to take on the work that they want to leave behind”, (Peter).*

## ***Recruiting***

A precursor to recruiting is the drawing up of job descriptions, thus:

*“Well, first of all he [i.e. his finance manager tasked with recruiting finance employees], draws up a job description and then person specification, that’s the first thing he did”, (Henry)*

To ensure compliancy with employment law, the owner managers advertise the vacancies and they make extensive use of recruitment agents and social networks; also supplementing with word of mouth, thus:

*“So, [we use] a little bit of word of mouth... eer, but more recently, we have asked staff...but generally speaking it’s through recruitment specialists...we have got a dozen that we are using...we have a list of 15 recruitment companies”, (George).*

Henry also uses recruitment agents albeit unlike George who outsources all job roles to these agents, he only engages them for financial jobs only, while recruiting in-house for the remaining job roles, thus:

*“So we use them [accounting agents] because they know the business [his business] very well ...and obviously their recruitment specialty tends to be in finance because they understand it...[but for other vacancies] we will use a proper recruitment agents for that”, (Henry).*

However, other participants strongly rebuff recruiting agents preferring job centres and advertising, thus:

*“I refuse to use agencies...[because] I found that I spent basically a month interviewing people who were completely unsuitable...I was wasting my time, there is no benefit in using an agency. So, the way we recruit, we will go through the job centre...we will put an advert in the local newspaper...there is a body for architects...and we advertise through them...and I think we get a better response of people”, (Demetrieve).*

Word of mouth and poaching are used as shown below:

*“...and I have said [to staff] do you know anybody else at Quick Insurance [rival firm] who is not happy? And they have said yes. Aaargh, ...they contacted us, they were good, so we took them on board”, (George).*

*“With the other recruitment areas, it's either by word of mouth so if you say I've got a fantastic guy we would see him”, (Henry).*

*“...a number of our staff have been, from a firm similar to us. Their management style is very different from us and eer, a lot of their people are happy to come and work for us”, (Henry).*

Usage of networks and drop-in lists is evidenced as follows:

*“And I think people we hired in the first few years; these were always people who we knew already...we were able to find people through those networks. [and he confirms still using networks, thus he says]...I don't think I will do it differently. I think that's something that is a good thing”, (Peter).*

*“We have a pretty good list and the candidates always tends to be pretty good”, (Peter).*

### **Selection**

Selection criteria differs, but in general, the Collective Endeavour Typology uses comprehensive interviews and some owner managers, such as Shawn even use psychometric testing, thus:

*“Yah we have used that [psychometric testing] for a number of years because it throws out right things that you will never find out”, (Shawn).*

In sharp contrast, George uses his own overlapping 10-point criteria often adding an 11<sup>th</sup> point for contingency, such as gut feeling, thus he states:

*“...sometimes you have a candidate who isn't scoring high enough to see and yet you think right but in here [in his heart] 'uummm I am interested ... So, we usually have an 11<sup>th</sup> criterion 'other'”.*

Notably, the owner managers still insist on the person fit over academic qualifications unless if it is mandatory by law, thus:

*“I am not particularly academic...the thing is with academic qualifications unfortunately whether its right or wrong they, they give a perception of that, that person’s ability. The reality is that it is not actually the case”, (Shawn).*

*“The most important thing is attitude and aptitude for the role. You can teach the skills, but you can’t teach the-e-e, eer, the right attitude. So, we focus on attitude...I personally say, well does this guy fit in?”, (Henry).*

Notwithstanding his endearment with personality fit, Henry also has a soft spot for academic qualifications, stressing:

*“Well, eer, if you got academic qualifications, I have always been interested in that because I have an academic background [he holds a doctorate]. I am interested in where you did your degree, what you did it on? What the class was and so forth. I am interested in that”.*

Crucially, in selecting employees, these owner managers confront the dictates of the employment law, which they deem challenging and unfavourable, see below:

*“...also you might, you can be taken into a tribunal not just for sacking somebody but for not employing them....So [you must comply and avoid discriminating based on] its eer, sex, ethnic, religious, disability, old age”, (George).*

Experience, confidence and willingness to learn are also selection criteria, thus:

*“So, I have always needed a partner or a colleague who can do the machinery side [given he lacked this experience, being only a lawyer]”, (Phillip).*

*“So, the first thing that we look at is how CV is presented, your level of confidence, your willingness to learn”, (Emeka).*

## ***Employment Contract, Deployment And Induction***

Contract formalization complies with the employment law, thus:

*“Then once we like the person, we will send an email congratulating them ...giving them our offer...and sometimes the person accepts or they counteract and we go back and forth like that....usually its salary...pension...holiday...sick leave...training...further studies support...club membership or gym membership...T.G.I.F [Thank God it's Friday social networking]”, (Emeka).*

*“We have bonuses, they are team-based bonuses, pension scheme. We have started health insurance that's just for some specific people. We do flexible hours. Home working, quite a lot of staff homework...So they are the main things obviously you then have like the handbook which talks through some stuff the things they need to know; what happens if they don't perform, the procedures to go down. Eer, what are some of the expectations from dress codes to behaviours. It's very standard, it's a handbook”, (Shawn)*

To prepare the contract, the owner managers firstly seek to do it alone by modifying existing contracts previously made by outsourced recruitment agents or lawyer, failure of which, they outsource this task.

*“What happened is that we had a recruitment agency in the beginning, so they did the first set of contracts for us: they did the engineering, the admin, so what we have done over the years is to just modify them”, (Emeka).*

With regards to deployment and induction, there is usually an induction to inculcate owner managers' vision within employees before deploying them, thus:

*“Eer, so that's what they get when they start. Yaah, they get an induction and a handbook...We don't have a big HR department to do all those things [neither do they have any HR manger]...they generally get about two weeks where they are learning about what the business does; they go on visits with people, meet with*

*customers, see delivery happening and then they go into more like mentoring. So, they are gonna go like: ooh! here is what we were learning, I see”, (Shawn).*

*“First, I tell them that we have no imminent plans to sell the business and I say out what kind of business, who we are. It can make people feel a bit better, ...I talk about eer, our investment in people for training, for instance, so one of the things I say to people is I am very keen if you want to learn. So, what do you mean, and I say you get some technical training, health and safety and so on. If you want to do any courses outside of work let me know [finally tells new recruits that] a job is mine once”, (Henry).*

### **Work Ethos and Relations**

To get the best out of employees, these owner managers strive for fair treatment, transparency, varying levels of delegation, and adequately resourcing employees, thus:

*“...the open-door policy is important...being approachable by not sitting in a remote office right with the door shut...aah, we try and make sure our people are listened to”, (George).*

*“So, we sat down with every single person individually explain this is what we are doing, explain why it was happening”, (George).*

*“Do you want a laptop? [regularly asking employees]...[these are the] little things that we try and make sure that something is happening on a regular basis where people feel they are ahead of the game”, (George)..*

To further enhance transparency, George has opted for an open office arrangement, thus:

*“we are too familiar with staff for we are working with them on a daily basis [open office arrangement]...but also the office (separate closed office) is free to meet with people from the outside [for personal and business use]”.*

In sharp contrast, several owner managers use the traditional closed offices. Essentially, these owner managers strive to build positive relationships with employees, thus:

*“Eer, one thing is very important to me is relationships. Because you build relationships, you get to understand each other. Eer, they [employees] understand the business our customers get to know us...So this year we have four members of staff completing 20 years of service, two other members of staff completing 10 years of service, we will have a celebration for all these people”, (Phillip).*

Even in delegation, some owner managers still need to have very close relationships with their employees, thus:

*“But I think it’s not enough to have somebody who works for me who really believes in it and then have them go out to all of the other teams and motivating them. I think I, you also have to have a flat organizational structure so that I get to know them as well and they know me on a personal level. That personal touch always helps”, (Peter).*

In seeking closer relationships with employees, such owner managers, for example, Peter who has 18 employees deem employees to be:

*“friends for life because they have experienced part of that [entrepreneurial journey] with you, seen all of the fun, things that happen when you are running small business, the good and the bad”.*

Conversely, Henry who has more employees (i.e. 56) and about 50 contractors prefer delegating and dealing with employees via their line managers, whom he calls ‘gods’, a term he brings from his Royal Navy experience, thus:

*“...when I go to a site I always ask for permission [from line manager]. May I come to you? Can I come and see you? And when I arrive, I sign in like everybody else, and the site manager is god”, (Henry).*

Harold also explains why owner managers must relate with employees at arm's length and not as close friends, thus:

*“...although they [employees] are part of the team, they can't be your best friend. He can't be your best friend on a Monday and try and do discipline on a Friday”, (Harold).*

In addition, Henry highlights that mutual reciprocity is vital for healthy work relations, hence, he explains:

*“I said if you [the employee] don't let me down I will also try and not let you down. So, that's the sort of relationship I like with people. So, it's fairly you know both sides should win”, (Henry).*

Effective communication in work relations is attested as follows:

*“Then once every three months we meet with the whole company we discuss how the profits have gone in those three months. How we are doing, any issues that would have arisen, eer, give them an opportunity to ask questions, etcetera etcetera; so that's a very important part of our communication...Any quality issues, any sales issues and that an important meeting”, (Phillip).*

Overall, the Collective Endeavour Typology seeks to build a unique positive work culture to advance unity and performance, thus:

*“We always have a distinctive culture here there is no question about that. It's formed by 50 or so people working together you know with their style”, (Henry).*



## **Performance Management**

Unlike in all other typologies, the Collective Endeavour has considerable performance management practices, especially in the case of those owner managers with at least 30 employees, thus.

*“So, the culture here, I’ve created a culture it’s about performance, good performance and if you work hard not so much work hard, if you work smarter and do good things we will retain you but if you don’t we have a very strict appraisal system, which I designed; eer, then we might move you on”, (Henry).*

Elaborating further, he says:

*“Well the way the appraisal system works, we have, because my background is consultancy [the Big Four Management Consultancy]. I can write job descriptions in terms of accountability. So, we hold people accountable for results whatever those results might be”, (Henry).*

Continuing, he explains his annual appraisal, thus:

*“Everybody is appraised right throughout the company, the lowest person to the top”, (Henry).*

and he tells employees

*“it’s a binary situation, either you get better or we move you on”, (Henry).*

With a stern face, showing his toughness in respect of performance management, Henry emphasizes:

*“I am not gonna lower the standards. Each year, I am gonna make them harder and more challenging...eer, I try to act firmly, fairly with some humour. Eer, and I have to do some unpleasant things you know, sometimes you have to do that,*

*you got to have the balls to do that... and sometimes I piece people off, of-course I do...we have moved quite a lot of people on [sacking employees]”.*

Owner managers also hold special meetings for performance, thus:

*“Eer, then once in every three months Mark [his divisional managing director] and I talk to all the staff, Mark meets with the recycling team leaders, [while he meets with brand sales team]...So, there is certain key meetings. For once a week we meet; I meet with the brands team to discuss that with production and then it cascades down to the lower level, to discuss the requirements for the next week”, (Phillip).*

Equally, George acknowledges *“We have a management meeting every 6 weeks”* including sharing with his managers to do appraisals, hence, he attests:

*“Aah, and two of those three [his managers] do some of the appraisals. I only do five appraisals per year and not 14”, (George).*

Whereas a few owner managers (e.g. Henry, Phillip, and Shawn) who have 56, 42 and 35 employees respectively use a very strict performance management system, the majority who also have fewer employees are more liberal, thus:

*“Some people like to work within strict guidelines and targets and we are just starting to recognize that [i.e. learning from experience]... and yet some people say targets are a burden... Eer, so that's one thing eer, we are a little bit what's the word for it liberal so we are not only self-controlling how we expect people to be self-motivated... [but] some people take advantage”, (George, 14 employees).*

Equally, Peter who has 18 employees is also very liberal, thus:

*“So, without being an overbearing big brother people just get on with it [performance management system], use it without feeling they are monitored but at the same time track the progress of every element in our business...Everyone*

*is inputting in it [performance management system] we are all working on it together. So, I will never need to, I will never need to eer, delve in too deep like what somebody is spending their time doing”, (Peter).*

Notably, this liberalism has its own risk, thus

*“...sometimes it puts us in a little bit of risk, a bit of jeopardy where you kind of go bloody hell we couldn’t really afford to do that”, (Peter).*

Importantly, the above evidence indicates how employee size is a key factor among others that influence how my participant owner managers enact performance management.

### ***Training and Development***

Just as in performance management above, training and development also varies based on employee size among other factors. In general, it ranges from on the job, coaching during staff meetings and specially arranged internal workshops to more formal external workshops.

General coaching thus occurs:

*“So, one of the tricks of the game is to make sure you know. I will coach people you know. Why don't we try this way, try that way and constantly so you say why don't we do this, why don't we do that. You tried that and see if that works”, (Henry).*

Further, Henry also leverages on his rich management consultancy career to organize internal formal training workshops, thus:

*“I run training courses as well. I do training, every year and we get changed through that”.*

Confirming both internal and external formal training and development, Emeka

explains:

*“There are two parts, the company training and personal training. We encourage them to never stop learning...we give them loans to do their training that has nothing to do with the company. We have had staff fly to China for training, ...America...and the company pay for costs...[To monitor staff personal training]: they have to submit their training objectives to HR...but we can’t force [personal training] but the company training that we will do”, (Emeka).*

However, some of the above training is mandatory at law, thus:

*“...because our regulator says that everyone needs to have a certain minimum amount of training hours per year [therefore, he trains employees] and this is a good way of showing them we are required to do it and they [the training] get marked”, (George).*

What is interesting to note is that in some instances these owner managers would not undertake training and development were it not because of regulation (employment law or industry specific). In this regard, George, admits *“I think the honest answer that is probably not* [not going to offer such training].

Equally, the Investors in People programme also influences some training and development for example, the cases of Henry and George.

### ***Rewards And Compensation***

The Collective Endeavour Typology has the full range of remuneration package (salary, pension, medical insurance among others) in compliance with the employment law (for employees) while contractors are rewarded as per under the Outsource and Collaborate Typology. Crucially, in preferring to engage employees, these owner managers accept the risk and cost of compensating employees both in good and bad times, thus:

*“I have a duty to pay their salaries; and I took it very seriously if the business*

*failed. That the people working for me have families; household to support”, (Harold).*

Being cognizance of the risk and cost involved, a distinct feature is to link rewards and compensation to performance, thus:

*“So, people know that performance is important. You know, they know that there is no automatic pay rise here; it's all based on performance...eer, we often get, when is the appraisal? [employees asking] because It's linked to their pay...eer, and we have a bonus system here and every time we have had a bonus”, (Henry).*

Equally, George and Emeka acknowledges:

*“So, the more work they [employees] do the more bonus they have so they're not just thinking well we have the same every month; the harder they work the more ideas they come up with to work better and the more money they can earn”, (George).*

*“It's based on your appraisal...and once you have shown to be proficient in what you do, you can be given more responsibility; ...and what we also introduced are like some levels, so we have like, general engineer level one; and if you are good you get promoted to the next stage”, (Emeka).*

Further, as insurance against their risk, these owner managers also reserve some rewards and compensation (bonus, shares) for just a few key employees: loyal performers, thus:

*“It's not always the best to pay people... we can't pay the best wages in the valley [ market, but to ensure that] people stay [and] most importantly to look after key employees”, (Phillip).*

*“Eer,...we said ok Stephen [a loyal performing employee] we have gone from this to this and this and the turnover. So, this is what we gonna do. And we said we*

*gonna give you 10% share in the business and we gonna make you a director. And he is still a director today and still owns 10% of the business, so he will get a profit, a dividend”, [Harold].*

Notwithstanding other factors such as nature of business, notably, employee size plays a role yet again, given that owner managers with less than 10 employees tend not to have elaborate reward and compensation structures, thus:

*“Eer, well, to be honest we don’t have a promotion structure. Eer, because I don’t believe we will make you an assistant, an assistant director. I think a lot of those things mean nothing....my way of promoting is like what I am saying now: giving them a piece of the company [shares]”, (Demetrieve).*

### ***Employee Wellbeing***

There is not much evidence about employee wellbeing practices except the mandatory occupational health and safety and in general, these are most prevalent under the Collective Endeavour Typology than other typologies, thus:

*“Now when you get five people [employee size influence] that’s when you need to have a health and safety policy...there are things like the defibrillator that we have, and you wouldn’t find 20 years ago in case a member of staff has a cardiac arrest... we have aaargh, a massage that comes every month, so people may have a massage, back or shoulder or whatever massage they want yah! aaargh, we pay it...it’s just little things to try and make some things happening”, (George).*

### ***Grievance And Discipline***

The grievance and discipline practices that are in place primarily focus on ensuring that employees uphold the owner managers’ vision. Secondly, when they address grievance and disciplinary issues, these Collective Endeavour owner managers mostly prefer to be in control. Consequently, they tend to enact grievance and discipline practices in their own unique ways. However, owing to the fear of the employment law, they do very often end up outsourcing to recruitment specialists albeit sometimes doing so much later and in some cases when they have already messed up.

In general, what serves as frameworks for discipline and grievance handling are the owner manager's vision, systems and procedures. This is also reinforced by Henry's admission of having in place a *"vision which is over there!"* as he points to a placard in his office and some *"systems"* to direct and regulate operations and behaviour. Notably, a key disciplinary issue for these owner managers is non-performance. This is a serious issue, given under the employment law, they must part with considerable employee rewards and compensation. Consequently, as the narrative below indicates, employee turnover is very often high, thus:

*"So, we have, probably since I've been here, we have probably replaced half of our staff [owing to chiefly poor performance]. Yah, yah, yah, we've got new people and the new people are much better than we had before you know, there are no two ways about that; and one of my objectives is to really get good people and the people are now better than ever been", (Henry).*

Also high on the grievance's agenda are rewards and compensation issues, thus:

*"Eer, it often can be pay rise all the time because it is always about the money for them, they want to either get further education or to develop", (Harold).*

In general, owner managers are not keen on evoking disciplinary process, preferring positive work relations throughout, thus:

*"...and the last thing that we want to do is do any disciplinary. We just want the place to run smoothly really you know (but)...sometimes you can't win with people you know", (Henry).*

Consequently, when disciplinary issues arise, these owner managers strive to address them as amicable as possible, thus:

*“[tapping on an employee’s shoulder he normally says] please can you come in my room, there’s something I want to discuss with you. So, I don’t wait for the appraisal [disciplinary]”, (George).*

The tapping on the shoulder is a friendly precursor for an open discussion with the employee, the rationale being to understand

*“why they [employee] are doing it and to explain why it’s a problem”, (George).*

Equally, Phillip prioritizes this friendly chat, thus

*“well, we have always believed that eer, you sit people down and you talk to them face to face”.*

When friendly chats fail, ultimately, disciplinary process kicks in, thus:

*“Eer, we have a disciplinary committee, which is myself and my partner...We set what the charges are...we give you chance to defend yourself...we ask you to pronounce yourself guilty or innocent...and also ask you how do you think we should deal with this?; and then we magnify that slightly”, (Emeka).*

However, not all the owner managers have the above disciplinary procedures and competence to address deviancy. Importantly, leniency colours the entire process considering the usually close social exchange relationships and inherent loyalties, thus:

*“Eer, and it was very, I find it [disciplinary process] personally very difficult because I would get to know people really, like well someone I consider as a friend”, (Peter).*

Peter’s response gives credence to Harold’s earlier warning (page 166) against being friends with employees. Notably, owing to *“being close to the situation”* Harold acknowledges *“I have not found it [disciplinary] easy”*.



Similarly, enacting disciplinary process proves quite challenging in an open office arrangement, thus:

*“So, it can be hard to give a staff member a dressing down. Because you come out of the meeting room [private office] and go and sit down next to them [usual open working office]”, (George).*

Phillip also raises loyalty issues, thus:

*“Ok, but...in a small team. It’s very difficult to deal with those personal issues and always you have loyalties to each other”.*

When the owner managers eventually institute disciplinary action, several processes follow, thus:

*“Eer, but if you do it again, it’s going down as a verbal warning. The second stage will be written final”, (Harold).*

Sharing similar sentiments, Henry elaborates:

*“Eer, people [employees] get improvement plans so we have a number of people on the improvement plans, which is to say we are not happy, this is exactly what we are expecting from you...So you know these are sort of the specific things you've got to do. If you tick all those boxes after three months six months we are happy as management. If you don't tick up then obviously we're going to have another conversation; ultimately you're gonna go”.*

Even in instituting the above disciplinary process, the owner managers generally tend to be lenient, thus:

*“...because people have got mortgages to pay and you don’t want to do that to somebody if you can help it [once he fired an employee and he says]...now that was a thing I regret”, (George).*

Equally, Phillip argues:

*“You have to give them a chance assuming it’s not something gross misconduct like attacking somebody; you have to give them a chance to get things right”.*

However, when all else fails, termination becomes inevitable, hence Henry warns such employees telling them:

*“If it’s too demanding here, you don’t like it, it’s ok. Don’t mess around but God help you if you’re going to stop everybody else to work”*

Sometimes the owner managers wish they could just fire the employees but cannot because of the employment law, thus:

*“Now the corollary to that is that we have had people, we still have people that are not good enough: we had to move them on...sometimes we would like to expedite it a bit more, but you can’t do it these days; employment law will not allow you to do it. You have to follow the employment law as best as you can”, (Henry).*

Eventually when the ‘bad apple’ employee gets sacked, there is relief; hence, Henry remarks: *“It has been some good burden being lifted”.*

Another notable feature about the Collective Endeavor People Management Typology is that regardless of the numerous employees the owner managers engage even up to 50, strikingly, the tendency is to have no qualified human resources manager. In this regard, Emeka affirms that all they have is *“an admin manager who covers HR”* while Henry with 56 employees says people issues is the collective responsibility of his three managers (Finance Officer, Contracts Director, Responsive Manager) and himself.

Similarly, George attests:

*“We have a management meeting every 6 weeks and there are, there’s an agenda which covers those different areas [people issues], the ones we have spoken*

*about and those few others and also staffing. So, when we have a meeting, we look at the minutes for the last meeting. So, we say right, there were three staff issues so what happened about them? Right, are there any new staff issues? and after every six weeks our financial controller, who is very people-oriented, she picks up as she runs around in the office. So, we keep our ears open”, (George).*

The owner managers give several reasons for not having a human resources manager, thus: employee size, cost of employing such a manager, flexibility in outsourcing people solutions, access to diverse expertise via outsourcing than limited expertise inherent in a fulltime human resource manager.

*“No. I think we are too small for that. From my experience of businesses unless you get to about 50 people or 100 people you won’t have enough to keep a human resources person busy full time...even people with 50-100 employees very often don’t have one [true, e.g. Henry]. Now, whereas if you outsource to an HR Company, they may have 10 staff dealing with HR, if the one you always deal with is on holiday, another expert can read your file: Tom M’clntyre has a problem, yah!, we are aware of this, we will deal with it”, (George).*

Further criticizing recruiting a fulltime human resources manager, George argues:

*“Now, we might decide...we will employ an HR person lovely. Ok, we have an HR problem, aaargh! Our HR person is off ill today, or they are two weeks on holiday; it will have to wait until they get back. What are we dealing with now?”.*

The above is no doubt an interesting response, but why don’t the owner managers do the same with operations and accounting roles in which some of them are engaging full time managers? Why is it that the human resources role is the only sacrificial lamb?

Some very fascinating evidence also come from Leticia who uniquely wears two hats in my study. Firstly, wearing her owner manager’s hat, running her human resource consultancy venture, she affirms that employees are mostly burdensome and that managing them is quite stressful, (page 224). For these reasons, she vows not to take

on employees. However, wearing her professional and certified human resource consultant hat, (page 226) she goes on to criticize owner managers' practice of perceiving employees as burdensome, mistreating them and not giving due regard to people management processes. This dichotomy in perceiving employees and ways of managing them further attests the multiple realities in respect of conceiving and enacting people management. Consequently, buoyed by her professional training realm, Letticia, therefore, complains:

*"I have got a client who, and this client is on retainer [prepaid continuous contract] and didn't contact me; and this is one of the frustrations that they don't contact me until after the event even if they are on a retainer".*

What is frustrating Letticia is that her SME owner manager clients are wrongly handling people issues: from maternity, salary, absenteeism to working under the influence of drugs. Most worrying is how these owner managers only involve Letticia at the very last minute when the situation is out of hand. Giving an example, she says:

*"there is one employee that they [the owner manager client] have just dismissed actually [wrongfully and without telling Letticia and yet they are on a retainer]", (Letticia).*

Ultimately, Letticia poses this intriguing question:

*"I don't know [why paid up SME owner managers are not consulting her about people issues before they mess up]. I have asked myself that question. All they have got to do is pick the phone up and they are paying for my services anyway. If they are on a retainer, they are paying me no matter what. So, I don't quite understand why? It's not as if I haven't told them we need to follow the fair process".*

The above gives credence to my earlier submission that these owner managers mostly prefer handling grievance and disciplinary issues in their own ways. However, owing to past negative experiences at the hands of the employment law such as Henry who was

fined heavily as well as due to the influence of the outsourced recruitment specialists, eventually, a few owner managers have now seen the light. Consequently, they now consult an expert soonest, thus:

*“So, that’s why now HR deal with it. But in the early days it was me and I find out that it’s very difficult”, (Harold).*

#### **4.4.2 Employee Core Team People Management**

##### ***People Management Understanding***

The Employee core team typology (Appendix L, page 330) espouses that the cost-effective way of doing business and managing people is to operate a single or several small firms, recruit just handful critical employees (small core team) mostly three to five and certainly not more than ten. To supplement inherent skills, the practice is to maintain a trusted core team of contractors and a broader network of contractors, from which to outsource skills when necessary, thus:

*“Aah, yaah, the team that’s been brought together [his current 3 employees] is quite strategic and the reason it is strategic is due to the experience levels or the types of business they bring to us a small company”, (Bobby).*

Continuing, he explains the strategic importance of the skills of each core team employee, thus:

*“Aah, [each core employee is a] very important part of the team and at the moment if one left it will be a challenge”, (Bobby).*

To resolve the above challenge, he resorts to core team contractors and broader network of contractors, hence, he affirms:

*“...but to cover that challenge I have outsourced different skills so that I can bring in someone [from his core team of contractors] in at short notice to replace any member of staff”, (Bobby).*

Equally, Petkar, explains how he built his core team, thus:

*“Yah, from the beginning. So, like eer, you know like camera people, for example, I would hire them for a day or half a day for a job. So, as the network built, I started to look around, who were the core people”,*

### ***Recruiting Triggers***

The owner managers are influenced to recruit by the following factors: workload, business model, disposal and acquisition of new venture, strategic plan and succession planning.

Giving evidence, Petkar explains:

*“knowing that the workload can’t be done by whatever I have right now ...detaching self from certain aspects of business, in terms of model I can’t be in production all time, I need to run the business”.*

Owing to this employee core-team people management approach, Petkar frees himself from most operational issues and become more strategic oriented.

On the other hand, Bobby attests:

*“So, my model has been to get the company ready for the market after one or two years, moving out and selling my share... the idea is to maintain that personal nature of small companies perhaps employ 3 or 4 more people in the next few years”, (Bobby).*

In the above, Bobby exploits this employee core team people management typology to repeatedly start and sell small firms manned by handful employees (3-4), thus exercising serial entrepreneurship a lot easier: fewer employees implies ease of passing them on to the buyer and reduced financial risk should anyone of them require compensation for whatever reason.

Succession planning is also a recruiting trigger, thus:

*“Aah, well, it is constantly thinking about succession and we do have a five year plan and a twenty year plan...but ideally, what we would like to do is to within the next 5 years bring in new staff that would have aspirations to take over the business and be a management buyout”, (Bobby).*

### **Recruiting**

Scouting for employees is mostly via networks and occasional job boards advertisements, thus:

*“Never head hunted people...we have 6 in the office now; Never gone to any recruiting agency; Random meeting like I did with [i.e. the photographer he met]; Lots of freelances in our industry; Get emails every day from freelancers; Everybody looking for work: have you got any job for me?...occasionally I place poster at recruitment companies”, (Petkar).*

*“And over the years, working in the industry for many, many years 30-40 years is a very long time...over that period of time I have met many, many good people, and not so good people as well. But a lot of good people and I have built up close relationships and as they specialize in different fields of compliancy, tax, legal framework I have kept contact with them. So, a number of people I have kept as retainers and a number I have used their services. So, if I need external help, I can just contact them straight away and I get the help I need and aah pay for the services I use instead of employing people with particular skills”, (Bobby).*

### **Selection**

Owner managers mostly use interviews and consider expertise, experience, professionalism, trust, integrity, team spirit, versatility, and person fit while prioritizing less on academic qualifications. Bobby's remarks above attest the use of experience and strategic skills. Further, these owner managers strive to match skills to work tasks, thus:

*"I am thinking of recruiting the next person and aah, they are unlikely to be a people's person so eerh, the type of person I would be employing will be an office manager; behind the scenes. They will have no interest in building personal relationships, they want to be part of the team and as we have aah, different work disciplines we have eer, different skills and experiences", (Bobby).*

In most cases, these owner managers go for the person fit than they prefer academic qualifications, albeit admits, the difficulty of assessing such person fit, thus:

*"So, in my own situation when I am recruiting, I am more interested in the person than I am necessarily about the, the qualifications and for me it's very important. Integrity and trustworthy: and once one loses his trust its actually very difficult then to return to where you were. Yaah, integrity has got to be one of the most important values and it is very difficult to be quite honest to actually tell from the interview", (Bobby).*

*"I don't just look at academic qualifications. I don't care if they got a degree or dropped out of school. It makes no difference to me...I understand I don't need a degree to do a lot of things and you know, a degree is not your ticket as far as I am concerned", (Petkar).*

It is important to note that where regulation is mandatory, the owner managers do consider academic qualifications, thus:

*"You do need qualifications of-course, so if for instance, if I had three applicants and aah, two had qualifications and third is a nice chap [good person fit] but didn't [have regulation required academic qualifications] I couldn't employ him. So, there is need to be a combination of qualifications, otherwise you can't get a licence for him or her", (Bobby).*

Another criterion is employee versatility, Petkar attests:



*“As an employer I would say look for people who bring more than just doing the work...people who can inspire you as well...that can be a value of anything whether in business or outside business”.*

Ultimately, selection leads to recruitment of the small employee core team and a host of contractors, thus:

*“...and then outside of that [of the employee core team] we have various technicians, auditors, compliance officials you know IT experts that we have on eerhm, contract rather than employment basis. So, although they are people that work with us on a day to day basis if it didn't work out or get off sick I have other people who can actually work on their behalf and I don't have obligations that I do to fulltime workers”, (Bobby).*

Notably, the Employee Core Team people management practices in respect of Employment Contract and Deployment, Training and Development, Performance Management, Rewards and Compensation, Work Ethos and Relations, Grievances and Discipline are similar to those obtaining under the Collective Endeavour People Management Typology, that is, in as far as managing employees is concerned. On the other hand, the Employee Core Team Typology also draws on the Outsource and Collaborate People Management Typology to recruit and manage contractors.

Importantly, a distinguishing feature about the Employee Core Team People Management Typology is the owner manager's resolve to build a 'family like core team' that strongly depends on each other, thus:

*“In the current situation [Employee Core Team], I mean the small team, I can't say that they are my family...but aah, we are close...it is a team driven business you know. I depend on the other members of staff and they depend on me, and we function as a business...each of us we are an integral part of the business we need each other to make the business a success”, (Bobby).*

#### **4.4.3 Social Responsibility People Management Typology**

##### ***People Management Understanding***

This typology (Appendix M, page 331) posits that the cost-effective way to operate business is through recruitment of employees who should be sincerely treated, valued and adequately empowered with significant contribution to the wellbeing of the immediate community. Crucially, the rationale is to avoid the rhetoric of equating employees as the single most important asset for the business, albeit, exploiting them through a capitalistic work culture.

Notably, although this typology is reflected by only one participant, Eliah, the social entrepreneur and passionate socialist, it is quite unique and indeed a stream of reality worthy of scholarly inquiry. Importantly, this is our hallmark as interpretivists and qualitative researchers: we are inquisitive about the story behind phenomenon and not just the population of phenomenon. Inevitably, such single case or 'one participant represented' people management lived experience is a very interesting microcosm of a prevalent stream of the people management multiple realities. Our qualitative interpretivist inquiry does cast insights into our broader understanding of 'what really goes on' in people management in SMEs. Therefore, this typology pans out as follows:

*"Eer,...a typical kind of management eer, rhetoric, if you like, is that the people are the most important assets of the company but there is a class system which is very entrenched. You know that the upper class are in charge and the lower class are the workers and there is not much cooperation between them....and really history has shown that the workers have not had enough rights, have not had enough power, because in the main they have been exploited by the management", (Eliah).*

##### ***Recruiting Triggers***

The major triggers are community impoverishment and environmental degradation, thus:

*“I was driven by a passion, a passion you know for community and environment... well its mainly my commitment to the local area, Yellow Community...Yellow Community is actually now a very deprived area and it’s in one of the 10% most deprived areas in the UK. Eer, there is very high unemployment. It is in the top 1% highest youth poverty, and in the top 0.5% highest older people’s poverty...my intention is to revive Yellow Community and ...create a lot of jobs”, (Elijah).*

Driven by his above passion, he strives to empower employees firstly via putting in place an ideal organizational structure, thus:

*“Eer...the first thing is to put in place a non-hierarchical management structure and to as much as possible try to devolve the responsibilities of the factory eer, sort of down the layers so that there is not many layers of management”, (Elijah).*

Explaining further, he affirms:

*... I think it would be probably relevant to unionize the workforce and so that eer, the workforce feel they can collectively bargain with the management to find fair agreements”, (Elijah).*

Continuing, Elijah says he *“is not there to exploit the workers but is there for the wellbeing of the whole community”*.

Overall, apart from this strong focus on empowering employees, the rest of the people management practices of the Social Responsibility Typology are mostly similar with those practiced under the Collective Endeavour Typology. This is because these two typologies deal with employees governed by the same employment law.

#### **4.4.4 Spirituality Legacy People Management**

##### ***People Management Understanding***

This typology (Appendix N, page 332) advocates that the cost-effective way to operate business entail recruiting employees who should be valued not just as the single

important asset for the business but also considering a higher spiritual being and authority for whom most call God. In this context, the employer deems themselves at par with employees, both being spirits and God's creation. This is exemplified as follows:

*"Well I mean I think if you have a belief or faith, then you have to live; I mean I'm a great believer in that you have to live an integrated life. In other words, you don't live one life at work and then one life at home because that causes a dichotomy. I mean you may perform different roles in different places but eer, you know you have to have an integrated, I think an integrated set of values that impact on you whether you are at home or you are at work and these you know if you have a faith, you know, my faith tells me I can pray about anything", (Luke).*

*"I think, I think it does inside me as a person, you know [i.e. being influenced by his Christian faith]. I've, I've moments of guilt and say oooh I shouldn't, I shouldn't have done that, [e.g. treating employees in a certain manner] and you know, and so on. You know I am very much into what I'm doing God's work, eer, through my own efforts. Eer, I think God he tells me a lot most of the time making pointers of where I go wrong", (Henry).*

*"Love your business and your people as much as you can. You know you are there to give everybody as much satisfaction as you can. So, again recognize your privileged position; you know you might have created it yourself, but it is still a privilege to have done that, God allowed you to do that", (Henry).*

*"I've always been a Christian eer, I think since I've been going to the Christian business meeting [which is led by Andiey, the Minister of Religion in this study] I've been more realizing the connection between what I do and the Christian Faith", (Henry).*

Importantly, one's spirituality does not necessarily imply being too soft on employees, thus:

*“Eer, you know I can be tough, but God is pretty tough I think; and because Jesus was pretty tough, while he is pretty forgiving if you screwed up; but I’m listening and trying”, (Henry).*

Interestingly, although Isaac also acknowledges being a devout Christian just like Luke, Henry and Bobby, he raises a caveat that his Christian faith spirituality does not exclusively influence his people management approach but also includes his personality, (page 103). In other words, while Luke’s *“integrated set of values”* mostly points to his Christian values in sharp contrast, Isaac asserts these are both Christian and personality: *“All mixed up”* as he puts it.

About leveraging on Yoga as a cradle for one’s spirituality, I have since articulated (page 102) how Anzhelika acknowledges being at par with employees, as she does not perceive their clothes but their *“spirit”* an approach she says she learns in Yoga.

Elijah also acknowledges having *“taken a great deal of learning...really wisdom”* from his Australian spiritual teacher. Elaborating further, he states that his spiritual mentor’s religious teachings are: *“very down to earth”* and have

*“A lot of emphasis on getting your life right so that there is harmony in all your relationships...the conviction that there is a unity that is behind the physical reality...that every human is basically the same inside of them no matter what their appearances no matter where in the world they live: That there is a unity of being and eer, of common basic experience for everyone”, (Elijah)*

Consequently, based on the above spiritual teaching and beliefs, Elijah, the committed socialist seeks to empower his employees.

In general, people management practices of the Spirituality People Management Typology are mostly mirroring those of the Collective Endeavour People Management Typology, given they all deal with employees. Below are some few highlights.

### ***Recruiting Triggers, Recruitment And Selection***

Given the end-goal of ‘making a difference’ community impoverishment is usually a major trigger, thus:

*“Eer, ...making a difference in community because we employ people [mostly members of same community]. (Phillip).*

In addition to other formal channels (e.g. advertising) usage of informal channels commonly known by the preferred communities are also extensively used, thus:

*“We never have to advertise for staff. Now we have a list of people who want to join us”, (Phillip).*

Given this pro-community recruitment policy, there is a tendency to recruit members of the same community and or family, thus:

*“So, we always employ different family members...so, we always employ different family members. So, one family I have employed the father, the mother, the son and so very often we know quite a bit about each other. So, eer, it’s a small tight community and we know a lot about each other”, (Phillip).*

Prayer is also used to seek guidance in who to recruit, thus:

*“...through the grace of God, I got a guy to help me run the business, Mark who has joined and it’s a real miracle he joined and eer, he has made such a difference to me...Its difficult [i.e. recruiting]. In fact when I recruited Mark I was really trusting God [he prayed about it] that this is the right person because his salary was huge. Eer, if it didn’t work out it would cost me a lot of money”, (Phillip).*

Indeed, prayer colours the entire recruitment process, thus:

*“And he [i.e. Mark] came over, and then he did come to do a little project, but I never thought that he would actually come and join us. He was far too a big fish*

*for us. One day we were sitting in my office and suddenly out of my mouth, because I had been praying about this, so suddenly out of my mouth, I was saying to him would you like to join us, but I had never thought about that for fear of being rejected. And to me that was eer God's hand on my shoulder, eer, the Holy Spirit working suddenly he [Mark] is looking at me and saying: yes, I think that is something that interests me", (Phillip).*

### ***Deployment And Induction***

The owner managers take the opportunity to induct employees in their vision as well as making them aware that they are employed by a Christian related venture. However, they do not force their religion upon their employees neither do they treat them differently based on religion, thus:

*"[During induction] eer I talk about the company charter eer, I talk about commitment to the community [fostering the difference making end goal in employees] which generally they live in that community", (Phillip).*

*"Eer, we always have a big Christmas party at the end of the year but it's not compulsory but most of the staff come and I think that's a sign that people want to be together and enjoy a meal together", (Phillip).*

*"And as a boss, I think the integrity as well is not to look down on those who don't [Employees who are not Christians]. Because you do not want a culture where people [employees] will say well if I don't go to their Christian thing there the boss is gonna think a bit bad about me and if I go I will get preferential you know. That is not on", (Andiey, the Minister of Religion).*

### ***Work Ethos And Relations, Rewards And Compensation***

Spirituality practices also footprints work ethos and relations, thus:

*"So, eer, we have a company charter, which is the way we agree to behave to each other to our suppliers, to our customers and that involves telling the truth for example. So, there is a whole framework which is our Christian values", (Phillip).*

However, rewards and compensation remain mostly guided by the employment contract: Spirituality does not necessarily translate to higher rewards, thus:

*“We can’t pay the best wages in the valley, but people stay and that tells me they are happy to be there”, (Phillip).*

However, they also tend to come up with unique incentives to reward employees, hence:

*“...also, we set aside 10% of the company profits [ this is not mandatory at law], eer, which we give to staff at the end of the year and that they love that because that makes them feel that if they work hard and there is a benefit they can join in that benefit”, (Phillip).*

### ***Performance Management, Grievances And Discipline.***

In the case of very dominant spirituality influence, even the spirituality teachers are incorporated into the venture, thus:

*“Eer, the company chaplain [Employed Minister of Religion] is very important to us. I think when I first arrived the business was dark. We used to have a lot of aggression on the floor. People were always leaving and so we had lots of change all the time. Eer, we had eer, a guy called Justus, attacked Daniel quite soon after he started, six, ten past six in the morning with a metal bar because he was frustrated. So, it was a very aggressive environment; and now the environment is completely different, we have people with 20 years of service, people with more; we have a much softer, kinder, lighter culture. I think you know eer, the love that these company chaplains have shown, we now have eer, three company chaplains, the love they have shown, makes people behave in a different way...we have a lot more people staying now”, (Phillip).*

Notably, dominant spirituality tends to build closer ‘family like ties’ leading to stronger loyalties between the owner manager and their employees. However, this tends to



weaken the owner manager to institute disciplinary process, thus:

*“Eer, but eer, we tend to give people a lot of opportunity; we give them a lot of chance; that’s the way we are, and eer, you know often eer we are sympathetic ....as well to understand what’s happening at home which may be difficult. We try and look at the bigger picture... we have always sorted things out internally...also if employees feel they are being given a fair chance, then really people are reasonable, people are not unreasonable”, (Phillip).*

#### **4.4.5 Overview Of Enacting People Management In SMEs**

As is quite apparent the emerging trend of underlying factors (e.g. motivation, end goals, risk-cost propensity) which influence people management in SMEs continues. My final theorization about these factors is in Chapter 6, pages 212-250. Further, it is also very important to note how experiential entrepreneurial learning as well as end-goals feature predominantly in the shaping and uptake of people management. Given this evidence, a question can arise as to whether SME owner managers do people management drawing from their past experiences or being informed by their end goals? I shall address this crucial question in my final theorization, (page 250). Overall, Chapter 4.3-4.4 have provided evidence about the people management practices my SME owner managers use, and these are illuminated in how they deal with these issues: recruiting, selection, employment contract, deployment and induction, work ethos and relations, performance management, training and development, rewards and compensation, employee wellbeing, as well as grievances and discipline.

#### **4.4.6 Summary**

I theorized about the prevalence of Employee Core Team, Collective Endeavour, Social Responsibility and Spirituality Legacy people management typologies. The Employee Core Team seek to recruit just a handful core employees, about three to five and outsourcing any remaining work to contractors. The Collective Endeavour seeks to recruit as many employees as possible and even supplement with contractors. Social Responsibility and Spiritual Legacy mostly mirrors the Collective Endeavour typology except that there is dominant emphasis of socialist and spirituality ethos respectively. Detailed key behaviours and factors for each of these seven typologies and the

respective SME owner managers who mirrors such typologies is available in Appendices, H-O, and pages 340-349.

In general, people management practices under all the seven typologies is best understood by considering what these owner managers do in terms of recruiting, selecting, employment contract, deployment and induction, work ethos and relations, performance management, training and development, reward and compensation, employee wellbeing as well as grievances and discipline. During my theorization, I have also highlighted the continuously emerging underlying factors that appear to drive people management in SMEs: full articulation is in Chapter 6, pages 212-250. In the next chapter, I explore the extant knowledge landscape for my emerging substantive theory.

## CHAPTER 5

### EXTANT KNOWLEDGE LANDSCAPE FOR THE SUBSTANTIVE THEORY

#### 5.0 Introduction

In the preceding chapters, I have been interpreting data and theorizing to develop my substantive theory. My purpose in this chapter is to identify extant knowledge landscape that my substantive theory is traversing. This is in line with the grounded theory dictum that:

“until after you have developed your categories and the analytic relationships between them. Then begin locating your work within the relevant literatures”, (Charmaz, 2006:166).

*“...and when the grounded theory is nearly completed during sorting and writing up, then the literature search in the substantive area can be accomplished and woven into the theory as more data for constant comparison”, (Glaser and Strauss, 1967: 67).*

*“Since you began your study, you may have travelled to new substantive terrain and scaled unimagined theoretical heights...for grounded theorists, writing a thorough but focused literature review often means going across fields and disciplines”, (Charmaz, 2006:166).*

Given the above, to undertake this comparative review, I shall identify emergent themes from my empirical data to illuminate “*new substantive terrain*” (Charmaz, 2006:166) that my developing substantive theory is traversing. I shall then use such identified extant knowledge concepts as more data in my final theorization and development of the substantive theory.

#### 5.1 Theme 1: Being Forced Or Volunteering To Get Into Business

Seven SME owner managers were forced into entrepreneurship by either losing their jobs or working far away from their families or residing with their families but their

careers giving them little time to be with their families. Conversely, 22 SME owner managers volunteered into business, with some having had this desire since they were primary school students. This disparity in motivation into business is well researched and known as push and pull entrepreneurial motivation. Push entrepreneurial motivation refers to how individuals (i.e. necessity entrepreneurs) are forced into entrepreneurship by the vicissitudes of life, (Mahto and McDowell, 2018; Carsrud and Brannback, 2011). Pull entrepreneurial motivation attracts individuals (i.e. opportunity entrepreneurs) into entrepreneurship. Importantly, individuals will continue in their life journeys and not venture into entrepreneurship until being either pushed (forced) or pulled (attracted) to get into entrepreneurship. Consequently, entrepreneurial motivation triggers an entrepreneurial decision-making process which as evidenced by research is characteristic of entrepreneurial learning and the evoking of personal values to adjudicate this process, (Mahto and McDowell, 2018, Farmer et al., 2011; Sjogren et al., 2011).

A critical argument arises regarding the rationality of the entrepreneurial motivation decisions that prospective entrepreneurs make, with one view, the theory of planned behaviour suggesting that people make rationale choices of how to get into businesses, (Kautonen et al., 2017; Mahto and McDowell, 2018). In this regard, they rationally evaluate their attitude towards the behaviour, their perceived competence in that behaviour, the subjective norms coming from their significant referent persons such as family and very close friends, (ibid). Consequently, the attitude towards the behaviour and perceived competence whose influence complements each other as well as the subjective norms, whose influence is contrariwise become the predictors of the individual's intention to enact the behaviour, (ibid).

While this theory of planned behaviour is prominent and favoured in classical economic perspectives for entrepreneurship, it is quite apparent that not all human behaviour culminates after reasoned intention, but also emerges through irrational choices; hence, the theory of trying (Mahto and McDowell, 2018). These two notions, rationality and irrationality are quite significant in my study, for it is very interesting to find out as I theorize, how much rationality and irrationality do my SME owner managers engage in,

as they make strategic entrepreneurial decisions for business and the question of managing people.

Notably, entrepreneurial motivation seems to play a pivotal role in the irrational, trial and error approach to behaviour because in its absence what influence then drives individuals to keep trying or keep doing even when they lack a rational understanding of how to go about doing something? Mahto and McDowell, (2018) as well as Carsrud and Brannback, (2011) appear to be answering this question when they observe how to date the entrepreneurship discourse continues to struggle to explicate the link between entrepreneurial intentions and action. They go on to posit that entrepreneurial motivation is responsible for sustaining and transitioning intentions into action with Carsrud and Brannback, (2011) arguing it is the 'spark' that ignites action. Notwithstanding this seemingly crucial significance that entrepreneurial motivation has in entrepreneurship literature, the setback is that this is a stream of research that has been deprived of academic scholarship for quite a long time.

This deprivation comes at the backdrop of its mistaken identity as being part of the historic entrepreneurship trait theory, that has since lost popularity. This trait theory postulates that entrepreneurship is the preserve of only those rare breed individuals with in-born special personality and psychological qualities, (Mahto and McDowell, 2018; Rae, 1999; Gartner, 1988). Although scholarly interest in entrepreneurial motivation is now growing, there is death of knowledge that comprehensively mark its footprints within entrepreneurship research especially how it is critical in influencing the exploitation of entrepreneurial intentions, (Mahto and McDowell, 2018; Carsrud and Brannback, 2011). Overall, given the above evidence, entrepreneurial motivation syncs freely with my empirical data, therefore, I consider it as more data (Charmaz, 2006; Glasser, 1998) for my apex theorization as I develop my substantive theory.

## **5.2 Theme 2: Envisioning The Future Self**

What also colours my participant narratives are how they all delve into high level social constructions in which they repeatedly envisioned their numerous future selves. They all expressed how they felt about their different future lives and whether they had the competencies required to achieve such future selves and ultimately what they should

do going forward. Specifically, they all ended up setting different goals and importantly marked out their dominant end-goals, which they deemed crucial for the effective attainment of their future selves. Notably, they did not restrict themselves to financial gain, but they also had paramount non-financial goals. All this behaviour is indeed a hallmark for entrepreneurial critical thinking and is well illuminated in entrepreneurship literature. Essentially this entails profiling one's self-identity and setting critical goals to achieve this identity, (Mahto and McDowell, 2018; Farmer et al., 2011; Dunkelberg et al., 2013). This self-identity is neither only rational nor only intuitive albeit a blend, hence further giving credence to the applicability of the theory of trying during new venture start up. Arguing in the corner of this theory of trying and how entrepreneurial behaviour is also emergent rather than strictly planned, one scholarly review highlights how entrepreneurial motivation and self-identity profiling are linked as follows:

*“An individual's self-assessment of their identity is the primary factor in individuals developing entrepreneurial motivation. The identity self-assessment leads individuals either to seek enhancement of their identity or establish a new identity that opens them to the influence of entrepreneurial motivation reinforcing entrepreneurial exposure in their social environment”, (Mahto and McDowell, 2018).*

It is indeed quite apparent that the relationship between entrepreneurial motivation and self-identities, with goals in between, is not unidirectional but the two co-influence each other. Therefore, once one is entrepreneurially motivated, they can't help it but re-evaluate their self-identities and in the pursuit of these self-identities their entrepreneurial motivation is further spurred. In between, goals are formed and enacted to strive to attain these self-identities, and the constellation goes on. In this regard, goals are proxies of self-identities which are the enforcers of entrepreneurial motivation; hence, goals also spur entrepreneurial motivation. A distinct feature about these goals, unlike mere happenings is that they embed intentionality and because of intentionality human behaviour becomes goal directed and executed in a specific way, (Stuchlik, 2014). Therefore, just as Dunkelberg et al., (2013) observes it is indeed because of goals, both pre and post new venture start up, that entrepreneurs do what they do. It is not just happenings occurring by chance as Stuchlik, (2014) puts it. The classical

economic theories for entrepreneurship deem goals to be absolutely for economic gain, (Andersen, 2016; Hechavarria et al., 2012; Sjogren, 2011; Kuratko et al., 1997; Gartner, 1988; Nooteboom, 1988). However, entrepreneurs are also spurred by non-financial goals, (Joauen and Lasch, 2015; Raymond et al., 2013; Dunkelberg et al., 2013; Rizzo and Fulford, 2012; Ropega, 2011; Carsrud and Brannback, 2011).

In general, these goals are categorized into extrinsic rewards, independence and family security, and intrinsic rewards, (Mahto and McDowell, 2018; Stuchlik, 2014; Dunkelberg et al., 2013; Sjogren et al., 2011; Kuratko et al., 1997; Nooteboom, 1988). Extrinsic benefits encompass personal wealth, for example, Bobby speaks of generating personal wealth through his serial entrepreneurship including an international venture, while Craig in his lifestyle end-goal simply wants personal income. Paul, Bobby, Anzhelika and Henry all characterize independence goals when they voluntarily left their high paying jobs to be 'own boss', have flexibility and determine their destiny. Peter and Frank typify intrinsic goals when they cherish public recognition and strive to demonstrate that they can do it. Equally, Batista, Henry and Paul epitomize family security goals when they all prioritize their family heritage in their businesses ensuring control remain in their families.

In general, to achieve the above goals, the entrepreneur usually exploits diverse entrepreneurial behaviours some of which become idiosyncratic norms. However, norms by themselves are purposeless without goals and motivation, thus:

*“If we assume the goal-orientation of behaviour, we have to re-define what is problematic about the relations between norms and actions: it is not simply what the norms are and how often, with what percentage, they are followed in actual behaviour, but why, in particular situations, norms are either invoked or ignored, and either followed or violated”, (Stuchlik, 2014:8).*

The implication from the above is that it is through variation in goals that entrepreneurs end up transitioning their entrepreneurial motivation ultimately leading to norms either being 'invoked' or 'ignored' and either 'followed' or 'violated', thus:

*“an individual invokes the norm for a specific reason, such as to attain a specific goal”, (Stuchlik, 2014:8).*

A demonstration of the potency of goals and their impact on norms is seen in how when people join social networks, they firstly ensure the *“expected membership behaviour is instrumental”*, that is, compatible with their goals, (Stuchlik, 2014:13). Without this compatibility, such individuals will inevitably breach the group norms as they strive to attain their personal goals. Therefore, it is the *“intentionality”* that is, *“the tendency of people to attain goals through activities”*, which is *“the compelling force of actions”* while *“norms and group membership”* are just but constraints, (ibid). Essentially, it is of paramount significance to understand goals in terms of *“teleological explanations”* that looks at not *“what a person does”* but of *“why a person does what he does”*, (ibid). Although from the philosophical perspective (Stuchlik, 2014) and from behavioural psychology paradigm (Dunkelberg et al., 2013) the pivotal role of goals in behaviour is comprehensively addressed, the economic theory view of entrepreneurship still emphasizes mechanistic models crowding out behavioural factors. This under-represent reality especially in nascent entrepreneurship.

Overall, from this extant knowledge about goals, it is abundantly clear that goals influence direction and action, leading to rational planning (Hechavarria et al., 2012) and irrational trial and error (Mahto and McDowell, 2018). Both rationality and irrationality ultimately further spurs entrepreneurial motivation in pursuit of aspired self-identity. Further, given self-identities differ from one person to another, goals inevitably differ based on ownership, hence personal goals and how they are administered differs from family goals, (Aparicio et al., 2017). In addition, that self-identities are not cast in stone, it follows that as they change, (Mahto and McDowell, 2018; Farmer et al., 2011; Dunkelberg et al., 2013; Carsrud and Brannback, 2011) so do goals and the underlying entrepreneurial motivations also transition. Therefore, given the above evidence, the concept of goals freely qualifies as more data (Charmaz, 2006; Glaser, 1998) in my theorization and final development of a substantive theory for people management in SMEs.



### 5.3 Theme 3: Tension, Desire And Aim To Get Into Business

Building upon their self-identities all my participants narrate how they could not immediately get into business the moment they got entrepreneurially motivated. Instead, in all their narratives, there is a symmetry of tension, desire and aim to get into business underpinned by their end-goals. This feeling and experience is attested by their diverse entrepreneurial behaviours and activities they undertook to eventually start a new venture or take over an existing business via acquisition or inheritance. Entrepreneurship literature attributes this feeling and experience to entrepreneurial intention. Kautonen et al., (2017:2) explains intentions as “*a person’s readiness to perform a given behaviour*” and because it sprouts out from entrepreneurial motivation, intention is deemed the best predictor for behaviour and it is the link between entrepreneurial motivation and goals, as well as between goals and self-identities, (Dheer and Lenartowicz, 2018; Hsu et al., 2017; McCaffrey, 2014; Schlaegel and Koenig, 2014; Carsrud and Brannback, 2011). Crucially, individuals must have control over the expected behaviour, that is, ‘do it or not do it’ at their will, without which intention becomes a faulty predictor of behaviour, (Hsu, et al., 2017).

Further, in linking behaviour and goals, intention is rarely immediately converted into action, while goals themselves frequently change during the entrepreneurial process and journey, hence the dynamism of entrepreneurship, (Mahto and McDowell, 2018; Farmer et al., 2011; Hsu et al., 2017). Importantly, entrepreneurial intentions are best understood through the planned behaviour (Ajzen, 2011) in which its antecedents are attitude towards the behaviour, perceived competence and subjective norms. The implication of this theory is that, the more an individual has a positive attitude towards a behaviour and at the same time has high self-efficacy to discharge such a behaviour while also overcoming any adverse influence from close referent people (family, friends and significant others) the greater the chances for the individual to enact this behaviour.

Shapero and Sokol, (1982) in Kautonen, (2015) also espoused their theory for entrepreneurial intention, calling it the entrepreneurial event model. This theory posits that behaviour is a result of disequilibrium caused by any of these three factors: adverse dislocations, indecision, and positive stimuli. Adverse dislocations encompass the impact of negative externalities such as losing a job, hence ending up choosing

entrepreneurship, (ibid) Situations also occur when an individual is caught up in between episodic life phases, such as, indecision; hence, ending up trying self-employment.

Thirdly, there are also some positive and attractive factors such as being inspired by an entrepreneurial role model or a unique opportunity to make money, therefore, becoming an entrepreneur. Crucially, as noted by Schlaegel and Koenig, (2014) all these trigger events must be very strong to overcome firstly, the person's perceptions of desirability for that intended behaviour, secondly, their consideration of its acceptability by their key referent people like family, and thirdly, their perceptions of feasibility evidenced by the individual's assessment of resources such as finance and competence. As is quite apparent, the entrepreneurial event model shares a lot in common with the theory of planned behaviour albeit it is mostly used to explain behaviour for nascent entrepreneurs' intention to get into business and launch the new venture while the latter is used in all situations, (Mahto and McDowell, 2018; Kautonen et al., 2017; Schlaegel and Koenig, 2014; Carsrud and Brannback, 2011).

Notwithstanding the popularity of the theory of planned behaviour and the entrepreneurial event model, empirical evidence shows that each account for 28% and 21% respectively for entrepreneurial intentions variance, (Schlaegel and Koenig, 2014). Even after combining the two models, the integrated model does not fully account for entrepreneurial intentions; hence, the need for a holistic approach to explore several contextual factors that influence behaviour, (Kautonen et al., 2017). It is in this context that the theory of trying comes into play, and specifically it states that entrepreneurs keep trying until they execute a desired action and attain the desired result, (Mahto and McDowell, 2018). Given the above evidence, it is quite appropriate that I include entrepreneurial intentions as more data (Charmaz, 2006; Glaser, 1998) in my quest to develop a substantive theory for people management in SMEs.

#### **5.4 Theme 4: Upholding One's Principles And Ideologies**

All my SME owner managers have identifiable principles and ideologies which underpins their doing business and managing people. Entrepreneurship literature attributes this to values, herein defined as:

*“abstract motivational beliefs concerning broadly defined, trans-situational goals, varying in importance, and serving as guiding principles in individuals’ lives”, (Liem and Youyan, 2008:1).*

Owing to these values, entrepreneurship journeys are significantly disparate. In general, values are person specific, situation framed, goal bound and offers a route to understand differences among people’s attitudes and behaviours; hence, the adage, ‘one man’s meat is another man’s poison’. To identify a value, one must establish the *“underlying motivational goals”* and in general ten values are identifiable, namely, security, conformity, tradition, benevolence, universalism, self-direction, stimulation, hedonism, achievement, and power, (Schwartz, 2012). Individuals can primarily make use of ‘self-direction, stimulation, hedonism, achievement, and power values to set and control their personal goals, (ibid). Conversely, they can rely on benevolence, tradition, conformity, security, and universalism values to control their inclination and pursuit of collective goals, (ibid).

Another way of understanding these values is in terms of two dimensions, firstly the conservative (security, conformity, tradition), (Daniel et al., 2015). This dimension keeps the status quo versus the extreme ‘end values’ that are intellectual and emotional (self-direction, stimulation, hedonism), which allows individuals to follow their interests and intellect. The second dimension encompasses being ‘other people centred’ (benevolence, universalism) and the opposite end has self-enhancement, (power, achievement), (ibid). Most importantly, individuals seek behaviours that advance their values than those that cause tension and conflict: Ultimately, through these values individuals self-regulate, (Daniel et al., 2015, Schwartz, 2012; Liem and Youyan, 2008).

The implication of the above evidence is that regardless of the strength of motivation, owner managers are less likely to set end goals, foster entrepreneurial intentions and discharge entrepreneurial behaviours that contravene their values. Doing this inevitably causes unbearable tension which is resolvable if either they comply with their values or change their reference values, which is extremely difficult. Therefore, questions can be raised in respect of whether SME owner managers do value extant knowledge’s best

practice HRM, (i.e. articulated Chapter 2.1) and if not, what are the implications? Consequently, I have a basis to include values as more data (Charmaz, 2006; Glaser, 1998) in my final theorization. Overall, it is crucial to note how these four: goals, intentions, motivations and values are always constellating amongst each other and seemingly becoming the key driving force that shapes people management in SMEs.

### **5.5 Theme 5: How Much Do I Know, What Can I Do And Not Do?**

During being entrepreneurially motivated and seeking to exploit their entrepreneurial intentions, my SME owner managers would assess their knowledge and competences in order to decide which business to venture into and how to do so. Notably, they keep doing this assessment throughout their entrepreneurship journeys. In doing this assessment, my SME owner managers always process their inherent diverse knowledge assets into new novel entrepreneurial knowledge better fit for use in their entrepreneurship endeavours. They also further acquire and generate new knowledge such as from formal education and or pragmatic action, ultimately storing such knowledge for future use. Throughout their entrepreneurship they frequently reflect on what is going on and how they can improve their situation better. They talk about jotting notes, audio and video recording, and latter try to figure out various possibilities. All this entrepreneurial behaviour relates to knowledge management and entrepreneurial learning through experience, action, critical incidents, routine, imitation, trial and error, emotional, imitation, reflection, contextually, socially, (Pittaway et al., 2015; Wang and Chugh, 2014; Karatas-Ozkan, 2011; Politis, 2005; Cope, 2005, Rae, 2005). I have since articulated entrepreneurial learning in primary literature review, hence I shall only highlight knowledge management.

Knowledge management entails creating and acquiring, organizing and storing, transferring and utilizing knowledge; hence, interplays very much with entrepreneurial learning, (Aldrich and Yang, 2014; Yew Wong and Aspinwall, 2004). Further, and indeed as Jones et al., (2010) notes, once knowledge is generated and stored there is need for the timely exploitation of these knowledge assets, failure of which an organization fails to tap into knowledge that it already has. Consequently, for effective knowledge management, there is need for owner managers to leverage on their human capital, reflective learning, and their “*access resources, motivation and capability to*

*review existing practices*”, Jones et al., (2010:1). All this constitutes the strategic space process, which is vital for “*knowing and knowledge regeneration*” (ibid). Creation of strategic space is enhanced through the building of a robust social capital, knowing who, where, and when to contact someone in their social network and what for; further, what to learn about and later to reflect upon. Riding on this robust social capital, the owner managers can then prudently categorize, identify, access and exploit diverse knowledge resources from time to time.

Notably, the creation of strategic space is not a monopoly of large firms because it also occurs at individual level. This is so, given it is the ability of any person to reflect on experiences both past and current and to leverage on their social capital to enhance such knowledge management and learning experience. Therefore, when the owner managers do this, as Jones et al., (2010) explains, they are demonstrating their absorption capacity. Finally, the owner managers adhere to the ‘social capital accepted ground rules’ avoiding being exploitative but ensuring a win-win give and take relationship and this self-regulatory mechanism is called the mediating artefacts.

Another distinct feature is the notion of tipping points. As observed by Phelps et al., (2007) there are six tipping points for SMEs namely, managing people, strategy, formalized systems, new market entry, obtaining finance and operational improvements. The implication is that these tipping points are milestones which present SME owner managers with some very serious challenges that can even lead to the collapse of their new ventures. Notably, people issues stand out as one such key tipping point. To overcome this tipping point, owner managers ought to discharge their dynamic capabilities inclusive of strategic spacing, absorption capacity and effectively exploiting their mediating artefacts. The above is what my data illuminates, therefore, knowledge management earns the right for inclusion as more data in my final theorization, (Charmaz, 2006; Glaser, 1998).

## **5.6 Theme 6: How Am I Going To Do It?**

Upon addressing the questions of how much do I know, what can I do and not do, and acquiring and generating the critical knowledge for doing the task at hand, my owner managers then got seized with the question of how best to do whatever they have to

do. This has always led them to forerun the activity in their mind, envisioning various permutations and outcomes. From their mind they would very often reduce their thoughts into writing. In many other instances, they would seek further advice from close friends and family members and at times their trusted business associates as well as their mentors, if they have one or their accountant. The net import of all this is some form of a plan that shows how they are going to proceed going forward. Quite remarkable in most of my participants is how they mostly prefer informality: doing things, making mistakes, addressing the mistakes and learning from the experience as they go along. In addition to this trial and error and mostly informal approach they would also here and there engage in formal planning; especially when market opportunity or environment (e.g. prevailing regulation) required them to do so.

The above entrepreneurial behaviour is better explained by both the theory of planned behaviour and theory of trying which I mentioned earlier on, (Mahto and McDowell, 2018). Naturally, planned behaviour leads owner managers towards the formality route while theory of trying propels them along informality. The formal planned way of doing business, inclusive of managing people, is a well-researched field of strategy, where in strategic management, one scopes the vision, mission, and values. They subsequently set objectives and identify best fit strategies to implement and evaluate effective attainment of such objectives, (Grant and Fuller, 2018; Farmer et al., 2011). This is very much a linear logical approach to reality through step by step business planning; hence one scholar remarks as follows:

*“[entrepreneurs] self-select their goals, a business plan would serve as a proxy to measure how specifically they have formalized that self-selected goal”*  
Hechavarria et al., (2012:1)

However, reality is inevitably contextual and dynamic (Mayson and Barrett, 2017; Charmaz, 2006; Burrell and Morgan, 1979) and in this regard, executing tasks is also underpinned by planning as an emergent process. Essentially, through informality and pragmatism, the practice turn (Geilinger et al., 2016) leads to routines that shape and constitute planning. It is also in this context that strategic planning provides for the unintended strategy, signifying the complexity and dynamism of the open systems

macroenvironment (Torre and Solari, 2013). Inevitability, planning is also an emerging process of pragmatism, evolving actions leading to one plan after another, (Dheer and Lenartowicz, 2018; Farmer et al., 2011; Kautonen et al., 2017). This informal planning has indeed received vast empirical evidence (Jaouen and Lasch, 2015; Rizzo and Fulford, 2012, Tocher and Rutherford, 2009), including how SME owner managers tend to prefer to address issues when they reach a certain critical stage, (Tocher and Rutherford, 2009). A typical example of informal planning is shown below.

*“[There are] founders who “storm the castle” without a formal plan even though they may still demonstrate the planning of actions in a cognitive and behavioural sense”, (Kautonen et al., 2017:2).*

Crucially, what is common in all these diverse forms of planning (formal and informal) is the identification of goals, objectives and the actions to achieve them, Famer et al., (2018). As is quite apparent, without goals, especially end-goals (i.e. proxies of self-identities) strategy is impotent, lifeless, and action is not warranted: For indeed goals are *“value premises that can serve as inputs to decisions”*, (Aparicio et al., 2017:2). Consequently, strategy planning underpinned by personal goals differs from strategy planning underpinned by family goals just as these two strategic planning also differs from strategic planning underpinned by shareholder goals in a large enterprise set up. This is because values embedded in all these goals (personal, family, corporate business) all differ. Given this review, it follows that strategy and the concepts of rationality versus irrationality, formality versus informality all sync very well with my data; hence, I include them all as additional data (Charmaz, 2006; Glaser, 1998) for my final theorization.

## **5.7 Theme 7: Constant Change And Unpredictability In Managing People**

It is a common feature that all my SME owner managers experience and express constant change and unpredictability, for example, in respect of employment law and the general macro-environment. Owing to this change and unpredictability, they find it very challenging to engage employees and offer permanent employment with job security; hence, they prefer to either work alone or outsource contractors. This adaptive entrepreneurial behaviour is best explained by the open systems theory, which

postulates that organizations confronts numerous influences from the complex and dynamic general environment, (Torre and Solari, 2013; Jackson and Schuler, 1995). Such environmental pressures emanate from the political, economic, social and technological spheres as the organization strives to draw diverse resources to produce its goods and services, thus:

*“Skills and abilities are treated as inputs from the environment; employee behaviours are treated as throughput; and employee satisfaction and performance are treated as outputs”, (Jackson and Schuler, 1995:3).*

Applying the above to the case of my SME owner managers, it follows that they indeed together with their businesses contend with pressure from environmental factors such as employees, customers, shareholders, trade unions, market for products, (Torre and Solari, 2013; Harney and Dundon, 2006). Further, it also implies my SME owner managers and their firms are enmeshed in both an economic and social network. Therefore, the open systems seem quite helpful to illuminate not only the complexity of the world of work but the context in which SME owner managers manage people. Consequently, the open systems theory is relevant more data (Charmaz, 2006; Glaser, 1998) that I should include in my theorization for a substantive theory.

### **5.8 Theme 8: Doing As My Fellow SME Owner Managers Do..., But?**

All my SME owner managers mention how they have over the years built trusted social networks including strategic relationships within their same industrial sector. Specifically, they are always finding out and or very often utilize knowledge about doing business and managing people based on what they observe and understand their colleagues to be doing. Should they decide to imitate, they mostly input their own perspective; hence, discharge their own creative mix primarily underpinned by their end-goals. Indeed, this imitation is a matter of ‘doing as my fellow SME owner managers do..., but?’ This entrepreneurial behaviour is best illuminated by the institutional theory, which deems organizations operate in socially constructed environments from whose actors they solicit performance approval, (Chin-Ju, 2010; Jackson and Schuler, 1995). Therefore, to survive and get market acceptance, conformity is inevitable. In conforming, individuals institutionalize by formalizing their



structures and processes as well as informalizing as is necessary, (ibid). This influence is also known as the communities of practices effect (Wenger et al., 2012).

As noted by my use of the word 'but', two key tenets for the institutional theory are firstly, the difficulty to change institutionalized processes and secondly, the pressure to conform. Because behaviour is mostly goal directed, (Stuchlik, 2014; Dunkelberg et al., 2013) this institutionalization effect gets overridden. Consequently, where there is high compatibility between my owner managers' end-goals and what people management practices their fellow colleagues do, the institutional theory effect is stronger, and the reverse applies. Consequently, this tenet of resistance to change implies that to understand people management in SMEs it is critical to consider the context. Further, that owner managers do override this institutional theory effect in the best interests of their strategic choices has empirical support, (Gilman and Edwards, 2008). Therefore, given the above evidence, I have firm premise to incorporate the institutional theory effect as more data in my final theorization for a substantive theory.

### **5.9 Theme 9: Being In Control, For Me And By Me**

My SME owner managers all strive to remain in full control in doing business and managing people and in doing so they prioritize advancing their personal choices and aspirations. This management paradigm is best explained by Child's, (1997) strategic choice theory as well as Hambrick, (2007)'s upper echelon theory. The strategic choice theory espouses that dominant individuals or people groups in an organization can influence organizational forms and processes to suit their personal preferences. In this regard, three key factors are vital, namely:

*"the role of agency and choice in organizational analysis...the nature of organizational environment...the relationship between organizational agents and the environment", (Child, 1997:2).*

Indeed, the SME owner manager is the only person with unfettered power and influence over the SME venture; hence, the strategic choice theory helps to illuminate people management in SMEs. Further, the nature and extent of strategic choice helps to

provide an understanding of why SME owner managers respond differently even in similar situations, and this illuminates the inevitable crucial role of context, (ibid).

As for the upper echelon theory, it posits that managers' background characteristics influence the organization's strategic choice and performance. Therefore, given my SME owner managers wield dominant control of the venture, it follows that, their personal goals, values, experiences, and attitudes inevitably determines the business practices, inclusive of people management, (Nolan and Garavan, 2016). This 'upper echelon' effect is much stronger where the SME owner managers are the only founders and the greater the control the more the influence on business practices, inclusive of people management. The setback is that underpinning people management on absolute control very often leads to inappropriate people management practices. This is so, because, SME owner managers are not all-knowing individuals. There are always instances where they lack critical knowledge and or act inappropriately as well as potential disconnection between what should be done and what their personal preferences dictate, (Nolan and Garavan, 2016; Tocher and Rutherford, 2009). Overall, both the strategic choice and upper echelon theories do not force themselves upon my data; hence, I consider them in my final theorization.

#### **5.10 Theme 10: Having To Remain Liquid, Cutting Costs And Surviving**

Having to remain liquid, cutting costs and survive is yet another prevalent theme amongst my SME owner managers. This inclination drives all their business decisions inclusive of people management; hence, several of my SMEs avoids employee costs, preferring to remain small and or to outsource contractors. This entrepreneurial behaviour is typified by the transaction cost theory whose key tenet is the adoption of cost-effective governance structures that scales down costs in all business operations, (Wu et al., 2014; Jones and Saundry, 2012; Geyskens et al., 2006; Jackson and Schuler, 1995). This is achieved through strategic cost cutting decisions of making or buying or outsourcing. Consequently, management leverages on bounded rationality to structure business processes, monitor them effectively, reconfigure accordingly and all the while precluding opportunism.

Given the above, it is common for management to enact people management by designing contracts that implicitly binds certain desired key skills and knowledge thus creating an internal labour market. Conversely, the organization can opt for outsourced contracts that allows it to competitively acquire desired human capital and subsequent efficiencies by participating in the external labour market. This is attested by how, in engaging employees, my SME owner managers often structure a higher reward structure for one or two key employees whose skills, knowledge and experience they deem crucial, while having lower compensation for the rest of the employees. However, there is a contextual caveat in which management must consider availability of such knowledge assets in the external labour market including how often, their quantities, quality, and the cost thereof. Simply put, and in respect of people management, it is all about whether it is more cost-effective and efficient to do work tasks alone as the owner manager, or to have employees or to contact as and when necessary. This transaction cost theory, therefore, also qualifies as more data (Charmaz, 2006; Glaser, 1998) for my substantive theory development.

#### **5.11 Theme 11: Preference For Skill, Knowledge, Experience, Trust, Loyalty And A Win-Win**

In recruitment and selection, the preference for skill, knowledge, experience, and person fit makes a remarkable footprint in all my SME owner managers' narratives. Equally, the preference for trust, loyalty and a win-win mutually beneficial engagement also leaves an unmistakable trail. There are three mainline management theories that explain these preferences, namely, human capital, resource dependency and social exchange theories. The human capital theory posits that an organization gains sustainable competitive advantage by recruiting and developing inimitable skills, knowledge and experience better than competition and not just prioritize the headcount of employees, (Rauch and Hatak, 2016; Jackson and Schuler, 1995). This is exactly what my SME owner managers do. Essentially, the rationale for this theory is for management to enlist the willingness of the employees to fully exploit their productive capacity. Consequently, management usually enhances human capital through investment in training and development. This human capital investment naturally is firstly a cost before yielding desired returns and the fear of not reaping the desired returns precludes enhanced human capital investment., (ibid).

As for the resource dependency theory, it recognizes that although management have executive authority to structure and assign work, it is the employees who possess the expertise and will power to discharge such expertise. This creates some power politics in the work environment which requires management to covertly or overtly manage employees in order to effectively motivate them to fully exploit their productive capacity, (Jackson and Schuler, 1995). It is in this context that my SME owner managers places greater importance on recruiting not just on skill, knowledge, experience, but more so on the person fit. The rationale is to ensure they engage people whom they have the competence to develop positive relationships. This promotes stable power politics avoiding 'resource expertise wielding' employees to work against management objectives, (Jackson and Schuler, 1995). Consequently, managing people becomes the embodiment of this resource power as it showcases how this power distributes across the organization.

The social exchange theory explains how management enters unwritten psychological contracts with labour in which either party discharges behaviours favourable to the other party, thus signaling the other party to oblige by rendering a reciprocal favourable behaviour, (Lai et al., 2017). Owing to this social exchange, employees most likely reciprocate higher involvement, commitment and positive attitude in work relationships they deem their managers' decisions to be impacting positively on their social, economic and physical needs. Therefore, the bottom line is that social exchange theory is mostly used to structure HRM practices that enhances employees' ability (A), motivation (M) and opportunity to participate (O), herein known as the AMO model and ultimately impact on performance, (Lai et al., 2017; Latorre et al., 2016). Given this review, social exchange, resource dependency and human capital theories all earn the right for inclusion as more data (Charmaz, 2006; Glaser, 1998) in my substantive theory development.

### **5.12 Theme 12: Entrepreneurial Learning To People Manage**

With all the above themes in mind, an overarching footprint is about how all my SME owner managers explicitly express that doing business and managing people is an entrepreneurship journey of always acquiring, generating and utilizing knowledge

through entrepreneurial learning. To get to know how to manage their people, they will in some instances consider what they have learnt in previous employee relations (in own business or previous career). In other instances, they reminisce about what they observed their families, society, and fellow SME owner managers say and do about relating with people in general and specifically about managing employees. Further, they all acknowledge how difficult it is to manage people; hence, they frequently resort to trial and error, ultimately learning from these mistakes emotionally.

In addition, they are always learning from the specific context of their people management endeavours. In managing people, my SME owner managers all show their various people management practices through how they recruit, assign work, assess and reward performance as well as enforce discipline. Further, they all mostly prefer informality in doing business and managing people albeit also incorporate formality. Given the complexity and dynamism in the macroenvironment, they all make a resolve to keep learning and adapting and all the time driven by their end-goals. All the above entrepreneurial behaviours are clearly attested by my primary literature review (Chapters 2.1-2.2) as well as evidence about the role of goals, which I have reviewed earlier in this chapter. Therefore, the dual concepts of people management and entrepreneurial learning join all the other concepts I have since mentioned as more data in my final theorization to develop a substantive theory for people management in SMEs.

### **5.13 Summary**

In line with my adapted constructivism grounded theory methodology, I have in this chapter explored the extant knowledge landscape traversed by my study. Subsequently, I have identified several themes in my developing substantive theory which connect with a range of theoretical perspectives. Consequently, I shall in the next chapter include these theoretical perspectives in my final theorization and development of the substantive theory.

## **CHAPTER 6**

### **APEX THEORIZATION**

#### **INTRODUCING THE ENTREPRENEURIAL LEARNING-END GOAL THEORY FOR PEOPLE MANAGEMENT IN SMALL AND MEDIUM ENTERPRISES**

##### **6.0 Introduction**

In this chapter, I address my third research objective by developing the substantive theory, which I call the Entrepreneurial Learning-End Goal Theory for People Management in SMEs. Before presenting this theory, I should point out that the reader has been experiencing some going back and forth in terms of my engagement with literature. In the preceding chapter I discussed empirical evidence in the light of literature as I sought to identify extant knowledge concepts to incorporate as more data in my final theorization. In this chapter, I now delve into my highest level of data interpretation to develop the substantive theory. In the next chapter, I revert to yet another engagement with literature this time engaging my substantive theory with extant knowledge. This iteration back and forth is the nature of grounded theory: quite contrary indeed to traditional way of data analysis, results presentation and discussion. Therefore, as I now conclude my theorization, I draw on my earlier data interpretation and empirical evidence (Chapters 4.1 -4.4) plus relevant extant knowledge concepts (Chapter 5) to develop frameworks that demonstrate how my SME owner managers manage people in the way they do.

To enhance understanding, I shall present these frameworks in order of how SME owner managers firstly discharge an attitude towards employees and managing them (People Management Challenge Framework), followed by how they generate their understanding about managing people (Life Stage Conceptual Framework). I then demonstrate how they enact their understanding about managing people (Entrepreneurial Learning End Goal Theory For People Management) and lastly how they transition their approach to managing people (People Management Transitioning

Framework). This sequence also upholds the order of my research objectives and chapters, and this entire sequence mirrors how my theorization progressed.

To avoid duplication and to comply with my thesis word count, I refer the reader to earlier empirical evidence (chapters 5.1-5.4) albeit where critically necessary, I shall provide additional new empirical evidence to underpin my final theorization.

### **6.1 Owner Manager Shared And Disparate People Management Views**

Given evidence in Chapter 4.1, page 77-96, SME owner managers at any point in time, hold shared and disparate views about employees and managing them. As shown throughout my results chapters, these shared and disparate views (Table 6.1 below) are influenced by a range of factors, some of which are of a personal nature (e.g. values, end-goals) others market related (e.g. environmental dynamism, employment regulation) while others are venture operation related (e.g. employee size, resources).

**Table 6.1 Owner Manager Shared And Disparate People Management Views**

Shared Views	Disparate Views
<p><b>Commonly Believe In Need To Have Own Understanding About People Management:</b></p> <ul style="list-style-type: none"> <li>• Setting the vision and end-goal.</li> <li>• Need for some sort of structure</li> <li>• Need for some sort of procedures</li> <li>• Engaging people.</li> <li>• Awareness and conception that people management is very challenging</li> <li>• Ensuring you have required people management skills and knowledge.</li> <li>• Assessing people management risk and cost.</li> </ul>	<p><b>They Differ In Views And Attitudes Towards Employees:</b></p> <ul style="list-style-type: none"> <li>• Employees are significant but problematic.</li> <li>• Employees are less significant and quite hassling.</li> <li>• Employees are significant but exploited.</li> </ul>
<p><b>Commonly Believe Enacting People Management Involves:</b></p> <ul style="list-style-type: none"> <li>• Recruiting based on skill, experience, person while underplaying academic qualifications deemed as theoretical.</li> <li>• Surrounding yourself with a trustworthy core team.</li> <li>• Fostering close relationships and treating employees respectfully and fairly.</li> <li>• Giving Employees Freedom.</li> <li>• Monitoring and assessing performance.</li> <li>• Addressing grievances and disciplinary issues.</li> <li>• Adapting people management.</li> <li>• Evoking your values and beliefs.</li> <li>• Being informal and not imitating large enterprises.</li> </ul>	<p><b>They Differ In Approach To Managing People:</b></p> <ul style="list-style-type: none"> <li>• Employees as an afterthought.</li> <li>• Employees as planned strategic resource.</li> <li>• People management as mostly informal progressive adaptation.</li> <li>• People management as mostly strategic approach blended with informality.</li> </ul>

As shown in table above, my SME owner managers hold some generally common views about how to approach people management while largely holding disparate views. The question that arises is what drives SME owner managers to have these common views about managing people? My study shows that the level of education and being a member of the same community of practice are key driving factors. In this regard, most of my SME owner managers (i.e. 19 of them) have at least an undergraduate degree while only eight don't. Therefore, given this high level of academic knowledge, I interpret that people management is a subject that they can academically interpret what it entails. However, regurgitating academic views on people management or possessing a degree does not necessarily translate to people management competency; hence, these testimonials:



*"I don't think Uni [university] sets you up [in business including people management]. I spent my time at Uni and I enjoyed it but it did not get me ready; eer, the learning [learning from situations in life] compared to Uni I don't know if you can compare it but it's just didn't match...I guess it's more practical [learning from situations in life]...I like doing things rather than be taught to do so", (Austin).*

*"Eer, I need some more mentor. I would say doing business is common sense. You don't need to study for that. I've done so many degrees; I've spent 10 years academic experience, it's irrelevant in doing business. So, doing business it's like a very intuitive thing to do...So, I would say like my key message: Ditch the academic. So, to be honest I am unlearning everything that I have learnt you know through my two masters, the qualitative, quantitative, ethnographic research you know [and she has a medical degree and an MBA]", (Anzhelika).*

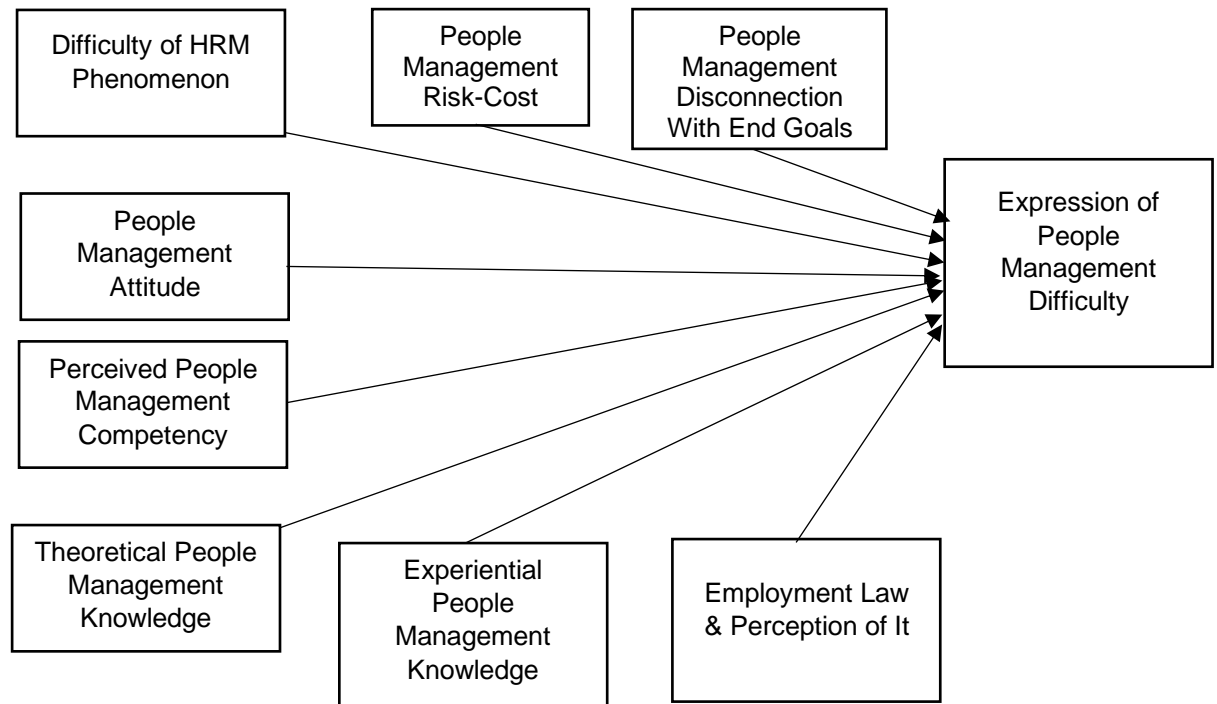
Equally, just as there are whispers of people management views within academic corridors so are there similar echoes in the highways, strips and corners of the gig or informal economy. Owing to this institutional theory (Chin-Ju, 2010) effect as members of the same community of practice (Wenger et al., 2012) my SME owner managers tend to imitate people management practices commonly executed by their SME colleagues. It is in this context that they use common parlance in doing business such as the phrase *'working on the business and not in the business'*, (e.g. Liang, Luke, Lorraine, Leticia)

Notwithstanding their shared views, my SME owner managers significantly hold disparate views. As shown in Table 6.1 above, they differ in terms of their attitudes towards employees and managing them. Importantly, it is these disparity views that mostly enlighten us on why and how SME owner managers approach people management in the way they do. Consequently, the prevalence of different people management approaches in SMEs is inevitable. Importantly, arising from my SME owner managers' shared views (Table 6.1 above) is the acknowledgement that managing people is quite challenging.

## **6.2 People Management Challenge Framework**

Based on evidence in Chapter 4.1, pages 77-96, the complexity of the HRM concept is one key reason why my SME owner managers find it challenging to manage people. This difficulty is attested by Erick and Craig (page 81) who mention that managing people is a dilemma: on one hand you benefit from employees' expertise but on the other hand, you get stressed and hassled. Specifically, my owner managers differ in how they express this complexity, hence while Kane (page 81) finds managing people not at all easy and enjoyable, Peter finds it enjoyable (page 107). The lack of in-depth theoretical people management also explains why my SME owner managers find managing people very difficult. Apart from Leticia who holds a diploma in HRM, the rest have no in-depth specialty theoretical knowledge about people management.

The impact of specific theoretical knowledge in people management is attested by how some of those owner managers (e.g. Donald) who acquired theoretical knowledge for example, through formal university education or professional development programme went on to improve their approach to managing people. Similarly, several of my SME owner managers have no previous people management experience from their careers neither had they engaged employees in their previous business. Consequently, lacking this experiential knowledge they find managing people quite difficult and this is the case of most nascent owner managers (pages 77-96). Below is a framework to depict this people management difficulty notion.



**Fig 6.1 People Management Challenge Framework For SMEs**

As shown above, a negative attitude towards employees is also a key dimension illuminating this people management difficulty. Several owner managers (Chapters 5.1-5.2), especially the necessity entrepreneurs driven by dominant survival end-goals are negatively dispositioned towards people management. Further, owing to negative perceived competence in managing people, several owner managers' self-efficacy to manage people is low, consequently they deem people management is very difficult. In addition, most of my owner managers deem people management to be difficult because of the risk and cost associated with managing people. Further, all my SME owner managers mostly consider the employment law to be complex and, in some instances, unfair to them as small businesses. In this light, they deem managing people is quite difficult. Finally, whenever there is a disconnection between my SME owner managers' end-goals and people management dictates, they tend to find people management constraining arguing 'what people management demands of me is after all never what I sought to do in venturing into business'.

Overall, the above shared and disparate people management views including the People Management Challenge Framework are vital in that they feed into how SME

owner managers conceive people management and ultimately how they enact their understanding about managing people.

### **6.3 The Life Stage Framework For Conceptualizing People Management in SMEs**

I interpreted earlier (Chapter 5.2) that my SME owner managers traverse their grand life journeys in different life stages and that a key sub journey is their entrepreneurship journey which also has various phases. Further, I observed how these owner managers delve into numerous social construction realms to generate their understanding about people management. To unpack this conceptualization process there is need to consider what transpired during the grand life journeys of my SME owner managers, which commences as a non-entrepreneurship journey. At some point along this non-entrepreneurship journey, which was mostly during the careers of my SME owner managers, my SME owner managers got entrepreneurially motivated (push or pull), thus embarked on their unique entrepreneurial journeys. This brings in the extant knowledge concept of entrepreneurial motivation and the theme of 'Being Forced Or Volunteering To Get Into Business' which I articulated in Chapter 5.

Based on empirical evidence provided earlier (Chapter 4.2) I demonstrate that my SME owner managers go through different life stages, each with unique knowledge source domains, see Table 6.2 below. These knowledge source domains serve as cradles for knowledge sources, for example, the initial Primary Education Life Stage has four knowledge source domains, namely, parents, primary education, community and personal values. On the other hand, the sixth life stage, which is the Own Business Episode has all the 10 knowledge source domains inclusive of those prevalent under the Primary Education Life Stage.

**Table 6.2 Life Stage Social Construction Realms And Knowledge Source Domains**

	Life Stage	Domains	Social Construction Realms	Grand Life Journey
1	Primary Education Episode	Parents. Primary Education. Community. Values	Primary Upbringing + 0 base realms	Non Entrepreneurship Journey
2	Secondary Education Episode	Parents. Primary Education. Community. Values. Secondary Education	Secondary Upbringing + 1 base realm	
	A Level Education Episode	Parents. Primary Education. Community. Values. Secondary Education. A Level Education		
3	Tertiary Education Episode	Parents. Primary Education. Community. Values. Secondary Education. A Level Education. Tertiary Education.	Tertiary Upbringing + 2 base realms	
4	Working Episode	Parents. Primary Education. Community. Values. Secondary Education. A Level Education. Tertiary Education. Career.	Work Experience + 3 base realms	
5	Own Business Episode	Parents. Primary Education. Community. Values. Secondary Education. A Level Education. Tertiary Education. Career. Own Business	Entrepreneurial Motivation	Entrepreneurship Journey
6			End Goals	
7			Current Age.	
8			Business Entry Age	
9			Economic Prudence	
10			Professional Training	
11			Technology	
12			Regulation	
13			Own Business Experience: Previous and Current	
14			Mentorship and Coaching	
15			Networking	
16			Rationality and Common-Sense	
			+ 4 base realms	

As shown above, an individual under the Primary Education Life Stage can only generate meaning through a single social construction realm that of Primary Upbringing Realm. This is a people management meaning that children of primary school attending age can conjure, drawing on their knowledge source domains of parents, community, primary education and their just forming personal values. In sharp contrast an individual under the sixth Life Stage, the Own Business Episode can generate meaning through all the 16 social constructions realms (12 + 4 base realms) and all the nine knowledge

source domains: parents, community, primary education, values, secondary education, A level education, tertiary education, career and own business. What my SME owner managers then do is to delve into various social construction realms and leverage on their entrepreneurial learning to exploit their knowledge source domains, thus acquiring and generating diverse knowledge assets, see Fig 6.2 below for a comprehensive perspective of this process.

# People Management Learning Intensity

HIGH ←

→ LOW

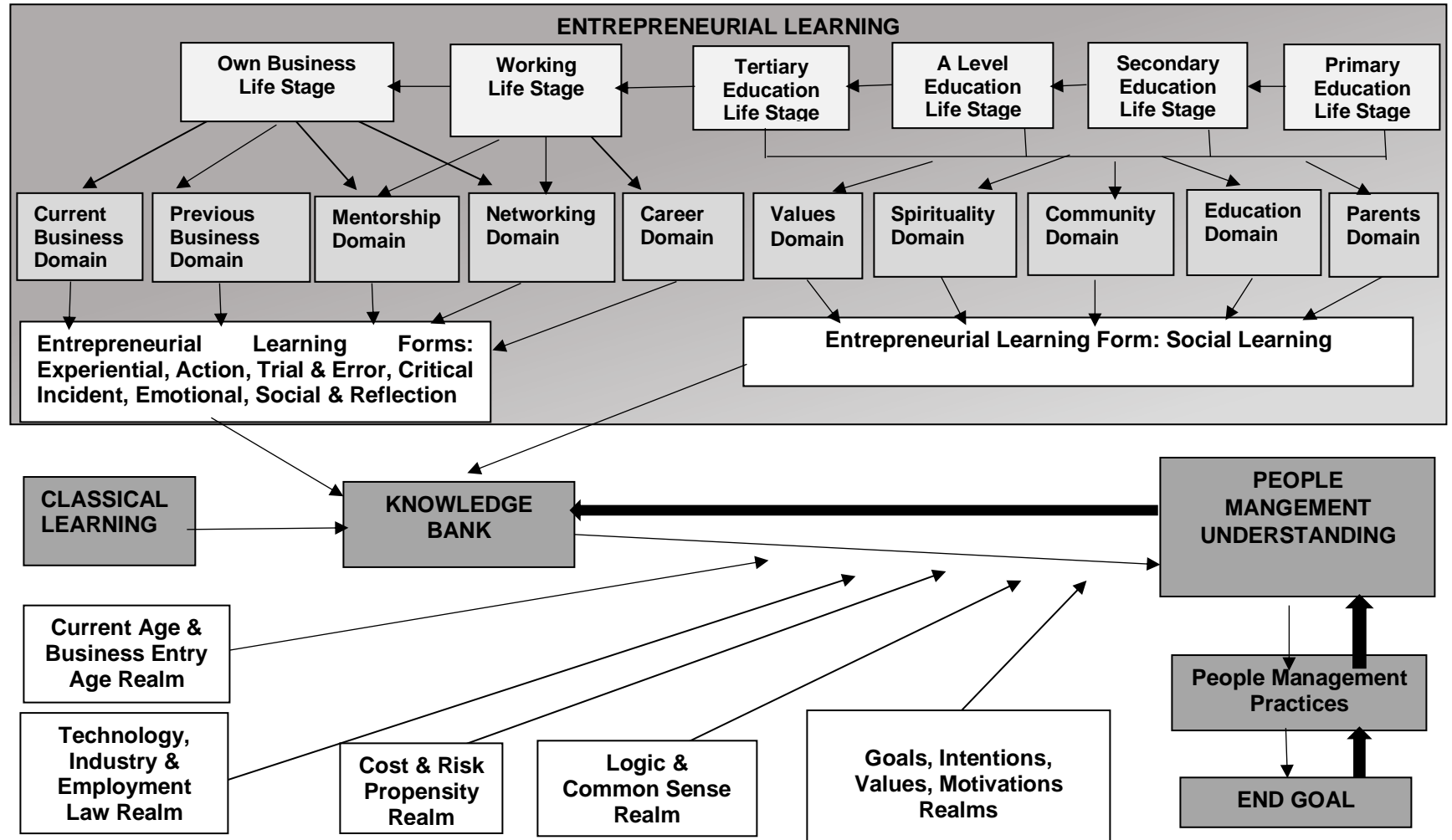


Fig 6.2 Life Stage Conceptual Framework For Developing People Management Understanding In SMEs

A notable feature is how after developing multiple meanings about people management through the numerous social construction realms, my SME owner managers use their motivations, goals, intentions and values to further blend such meanings into their unique integrated people management understanding. This is attested as follows:

*“I did have some good bosses over the years. So, I have learnt a lot from them picking a bit from their management styles taking the best really and apply that into my own mix [determined by motivation, goals, intentions and values in pursuit of his self-identity]”, (Doug).*

Motivations, goals, intentions and values have a dominant influence because when my SME owner managers get into business it is mostly not about going to manage people but to pursue their self-identities. Therefore, of all the 16 realms, it is the end-goals that strive to align all other meanings to itself. Below is a route map to mirror a single reality out of many, in which my SME owner managers delve into these 16 social construction realms interrogating what people management entails to them, thus, they ask:

1. What do I learn from my parents about treating other people?
2. What do I learn about treating other people from my personal values, community, society and spirituality?
3. What do I learn about managing people from my education?
4. What do I learn about employees and managing them from my experiences?
  - i. During my working career?
  - ii. During my previous businesses?
  - iii. During my current businesses?
5. What do I learn about employees and managing them from my networks, mentors and coaches?
6. What do I interpret managing people to entail from all the above knowledge?
7. Given my current age and my business entry age is this people management understanding ideal for me?



8. Considering technological advancement, industry regulations and the employment law, is this people management understanding still relevant?
9. In addition, is this people management understanding still ideal given all the costs and risks involved?
10. Does this people management understanding really make sense anyway?
11. Finally, given my own mix: motivations, intentions, goals and values, is this people management understanding still valid for me?
12. Therefore, what does people management entail to me given all my interpretations above and especially considering my end goals?

Empirical data in support of the above is available, (pages 97-124). To further attest the above generation of multiple meanings for people management, I provide the following empirical evidence.

### ***Demonstrating The Life Stage Conceptual Framework***

Starting with the case of Anzhelika, we have seen how when she draws on her YOGA belief system, 'being at par as equal human spirits' is what constitutes her people management understanding, (page 102). However, when she conceptualizes through her career experience, in which she had bossy managers, she now interprets people management as involving not being domineering, therefore, she affirms:

*"Eer, I am not here to exercise my ego. Eer, or like show off my authority, I don't need that. I never like that [during her career]. I never liked it myself. I was always against it", (Anzhelika).*

Further when she attempts to conceive people management through her own business experience realm, (page 116) she struggles to state what it is like to have employees and manage them because she has none and is yet to launch her venture.

Letticia also gives us an excellent example. She was a personal assistant and one day her boss (the Managing Director) just promoted her to become Head of HRM without any qualifications. In a sink or swim situation, she taught herself HRM on the job and it was tough. Eventually, she did a human resources diploma at a local university and later she acquired her certification as a professional human resource consultant. Having enjoyed her career for a decade as Head HRM in a growing young venture with 100 employees, one day all hell broke loose when her Managing Director just told her to sack people because the business had to restructure. She went through the most difficult and emotional time confronting angry employees. Worse still, her directors only told her at the last minute after she had administered the sacking of other employees that she too must go. Therefore, she explains her difficulty as follows:

*“So that was a very difficult time [redundancy] and the directors were conspicuous by their absence. So, I was not getting any support and the staff were understandably very angry and upset and it was all directed at me... because I was the one there in the firing line”, (Letticia).*

Given the above, Letticia draws on her career experience to conceive that having employees and managing them is hassling and stressful. This is the same understanding she has even when she draws from her own business experience, hence she has resorted to mostly work alone and only outsource if and only if it is critical. In this regard, she attests:

*“So, I suppose I have to go right back to what is it [motivation for getting into business] that I wanted from this?...I didn’t want to take on employees, I didn’t want that additional stress really”, (Letticia).*

She further delves into her current age and business entry age realms to suggest that people management would have meant differently had she been younger, thus:

*“And at the end of it, I came to the conclusion that it [recruiting employees] wasn’t what I wanted to do. ...May be if I had started younger, I might have felt differently”.* (Letticia).

Because she deemed herself older, she therefore, remarks:

*“Eer, and I didn’t feel motivated to take that next step [taking on employees]”*

In the above, Letticia attributes her preference to a people management that excludes employees to her aging. This affirms what I mentioned earlier on that older participant owner managers or those who deemed themselves older mostly avoids having employees.

She goes on to indicate her survival end goal, thus she hints:

*“So, because, it [redundancy] happened so quickly, I wasn’t prepared. I was still coming to terms with what was happening... but during this process [redundancy] and obviously one of the things I have to consider as well as trying to help other people is what I was going to do next”,* (Letticia).

Indeed, the above is an emotional and stressful experience and what was on her mind was survival. Inevitably, the issue of employees had no place in her plans of getting into business. To this date, survival has dominantly remained her end goal.

Notably, although, Letticia conceives a people management whose attitude is negative towards employees and managing them, paradoxically, the opposite is true when she generates people management meaning from within the realm of her professional training. As a professional certified human resource consultant, she thus warmly speaks:

*“This idea that employees are out there to shaft you no matter what, so you are gonna treat them accordingly...I know that there are employees in all walks of life who gonna be difficult and who are gonna cause trouble but generally on the most part people go to work to do a job; most people just want to do a good job and get paid for it”, (Letticia).*

Clearly, the Life Stage Framework demonstrates that what people management entails to my SME owner managers is always evolving and dependent on the contextual factors. Consequently, enacting people management becomes a matter of multiple realities, that is, dependent on the people management meaning being enacted.

#### **6.4 Entrepreneurial Learning-End Goal Theory For People Management in SMEs.**

Based on my empirical evidence in Chapters 5.3 and Chapter 5.4, I envisage that my SME owner managers leverage on their entrepreneurial learning to acquire, generate and utilize diverse knowledge assets to manage people. Before I present a framework to demonstrate this complex people management enactment process, I must point out here that one of the key drawbacks of models and frameworks is that while they simplify things to enhance understanding, this is very often done at the expense of not fully illuminating the real-life scenario of phenomena. In this regard, the framework I am about to present below may suggest a linear progression in which my SME owner managers behave like somebody who has gone to shop in town and make rational decisions selecting what to buy, why and when. To the contrary, my SME owner managers enact people management using a sophisticated blend of rationality and irrationality; formality and informality; planned and emergent. Rationality is quite prevalent at the onset in the sense that my SME owner managers make a deliberate choice of how they would prefer to approach the people management question. They are not helplessly dragged along, only to find themselves enacting some people management they have no awareness of. At the same time, being aware does not necessarily translate to being comprehensively knowledgeable about how to manage people. In addition, they do not comprehensively know how the market shall change,

hence, there is a lot of adaptation ultimately also leading to an emerging approach to people management: this is how complicated it is.

As I proceed with my final theorization, I revert once more to data presented in chapters 4.1-4.4. Specifically, by applying rigorous theorization techniques intensely interrogating all the narratives of my SME owner managers (Chapters 4.1-4.4) I observe the prevalence of diverse key influential factors (KIFs) which make my SME owner managers approach people issues in the manner that they do. To demonstrate this, going back to Petkar's narrative (page 78) he speaks of 'realigning everybody' to his vision; hence, end-goal is a key influential factor (KIF). Doing this same data sensemaking, I tabulate below a few examples of some KIFs embedded within my SME owner managers' narratives.

**Table 6.3 Data Sensemaking To Identify Key Influential Factors (KIFs).**

<b>Owner Manager</b>	<b>What they say/think/do Found on Page</b>	<b>What makes them say, think, do what they do? or What is the prominent issue they advance?</b>  <b>Key Influential Factors (KIFs).</b>
Alberto	80	Risk-cost propensity
Austin	80	People management understanding
Kane	80	People management understanding
Frank	81	Type of labour/person employed
George	86	Type of labour
Isaac	82	People management competence
Alberto	82	People management competence
Lucy	82	Attitude towards employees
Demetrieve	83	Person fit
Bobby	83	Person fit
Peter	84	Employee size
George	86	Employee size
Lorraine	86	Market dynamism. Employment law
Isaac	86	Market dynamism
Henry	87-99	Personal values. Spirituality
Lucy	87	Personal values
Liang	87	Personal values
Phillip	87	Previous employee relations
Alberto	88	Previous employee relations
Austin	91	Ideology about hard work
Lucy	91	End goal
Doug	91	Motivation
Eliah	92	Ideology about employees
Shawn	95	Type of labour employed.

As shown above, each word, sentence, paragraph and entire conversation for each SME owner manager are underpinned by various underlying KIFs and ultimately carries multiple meanings. Therefore, I interpret that my SME owner managers conceive and enact people management under the influence of numerous KIFs. Owing to word count constrains I cannot present my entire intense data sensemaking albeit the above examples suffices as an audit trail of how I established the KIFs for people management in SMEs, which I now tabulate below.

**Table 6.4 KEY INFLUENTIAL FACTORS FOR PEOPLE MANAGEMENT IN SMEs****BATCH ONE**

<b>PEOPLE MANAGEMENT PRACTICES</b>	<b>PERSONAL FACTORS</b>	<b>VENTURE OPERATION FACTORS</b>	<b>MARKET FACTORS</b>
Recruitment and Selection	End Goals. Attitudes towards employees, contractors and workers. Risk-cost propensity. Formality preference. Level of education. High affinity with family and friends. Career experience. High affinity with skill, experience and person fit. Perceived market dynamism. Values. GIVMo Matrix. Actual and perceived people management competence. People management understanding and attitude. Entrepreneurial Learning.	Resource availability. Employee size. Risk-cost. Entrepreneurial Learning.	Need for employment compliancy. Actual market dynamism.
Employment Contract and Deployment	End Goals. Attitudes towards employees, workers and contractors. People management understanding. Perceived people management competence. Risk-cost propensity. Formality preference. Perceived market dynamism. Actual and perceived people management competence. People management understanding and attitude. Entrepreneurial Learning.	Risk-cost. Type of labour.	Actual market dynamism.
Work Ethos and Relations	End Goals. Attitude towards employees, contractors and workers. Desire for control. Risk-cost propensity. Formality preference. Unitarist versus pluralist ideological thinking. Desire for teamwork, versatility and agility. Perceived market dynamism. Values. GIVMo Matrix. Actual and perceived people management competence. People management understanding and attitude. Entrepreneurial Learning.	Type of labour. Risk-cost.	Actual market dynamism.
Performance Management	End Goals. Career experience in large enterprises. Level of education. Desire for success. Affinity with employees. Being a former managerial employee. Formality preference. Desire for control, Risk-cost propensity. Ideology about working hard. Perceived market dynamism. GIVMo Matrix. Actual and perceived people management competence. People management understanding and attitude. Entrepreneurial Learning.	Resource availability. Type of labour: employees, workers, contractor. Employee size. Risk-cost.	Actual market dynamism.

**Table 6.4 KEY INFLUENTIAL FACTORS FOR PEOPLE MANAGEMENT IN SMES**  
**BATCH TWO**

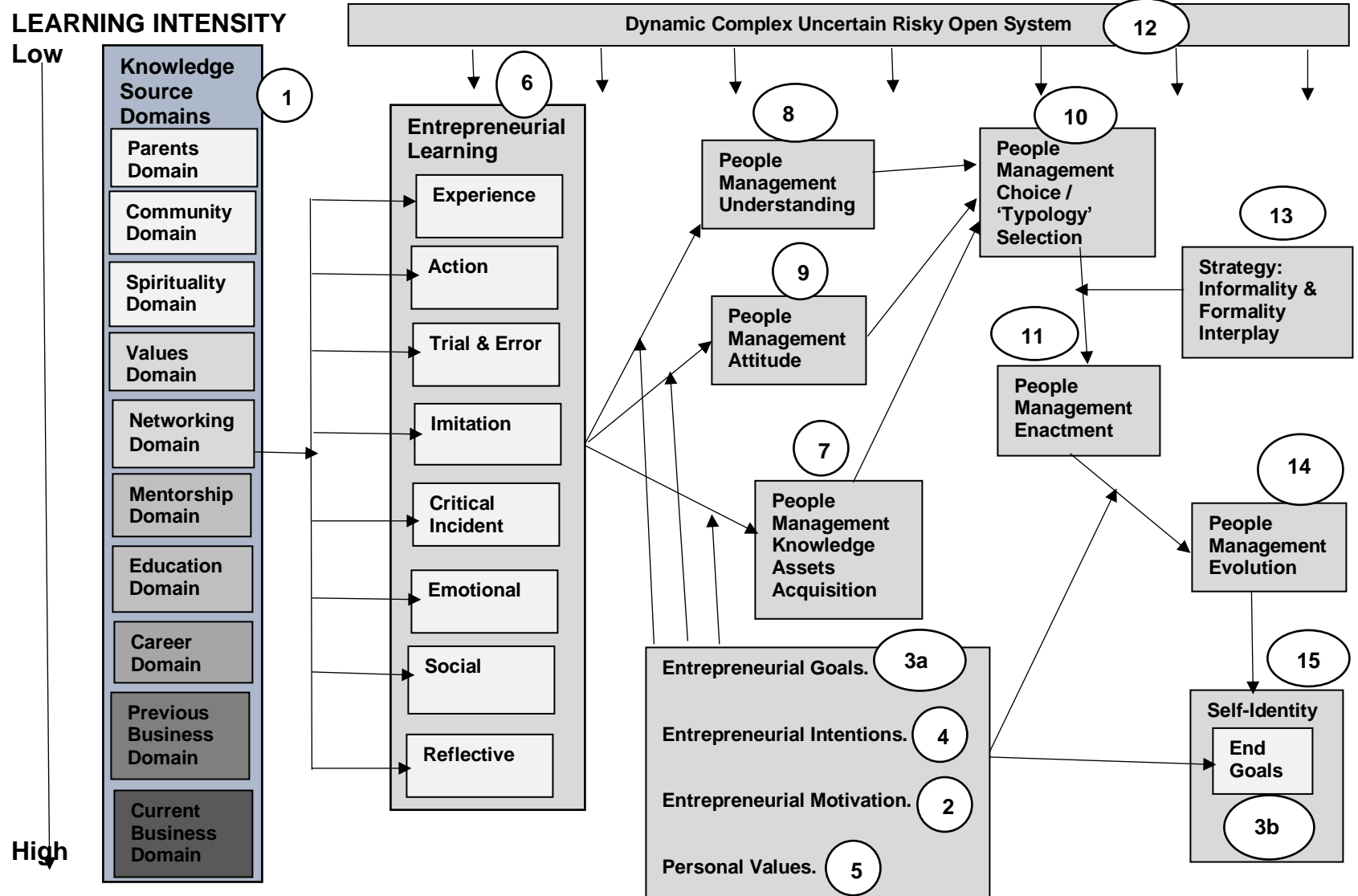
<b>PEOPLE MANAGEMENT PRACTICES</b>	<b>PERSONAL FACTORS</b>	<b>VENTURE OPERATION FACTORS</b>	<b>MARKET FACTORS</b>
Training and Development	End Goals. Risk-cost propensity. Need to raise brand image. Career experience in large enterprises. Level of education. Formality preference. Perceived market dynamism. Actual and perceived people management competence. People management understanding and attitude. Entrepreneurial Learning.	Resource availability. Risk-cost.	Need to comply with regulation. Market opportunity. Actual market dynamism.
Rewards and Compensation	End Goals. Risk-cost propensity. Affinity with family and friends. Resource availability. Loyalty of employee. Previous reward and compensation experiences. Perceived market dynamism. Actual and perceived people management competence. People management understanding and attitude. Entrepreneurial Learning.	Criticality of skill hired. Risk-cost.	Need to comply with employment law. Actual market dynamism.
Employee Wellbeing	End Goals. Risk-cost propensity. Ideology about working hard and wellbeing. Unitarist versus pluralist ideological thinking. Perceived market dynamism. Actual and perceived people management competence. People management understanding and attitude. Entrepreneurial learning.	Resource availability. Risk-cost.	Need for compliancy with employment law. Actual market dynamism.
Grievance and Disciplinary	End Goals. Risk-cost propensity. Career experience in large enterprises. Being a former managerial employee. Desire for close employee relations. Formality preference. Perceived market dynamism. Actual and perceived people management competence. People management understanding and attitude. Entrepreneurial learning.	Employee size. Having a people manager. Risk-cost.	Need to comply with employment law. Actual market dynamism.



**Table 6.4 KEY INFLUENTIAL FACTORS FOR PEOPLE MANAGEMENT IN SMEs**  
**BATCH THREE**

<b>PEOPLE MANAGEMENT PRACTICES</b>	<b>PERSONAL FACTORS</b>	<b>VENTURE OPERATION FACTORS</b>	<b>MARKET FACTORS</b>
Formality preference	End Goals. Level of education. Career experience in large enterprises. Being former managerial employee in large enterprises. Risk cost propensity. Desire for close employee relations. Perceived market dynamism. Actual and perceived people management competence. People management understanding and attitude. Entrepreneurial Learning.	Employee size. Risk-cost.	Employment law. Membership in social network that values best practice. Actual
People Management Transitioning	End Goals. Entrepreneurial motivation. People management knowledge acquisition. Employee relations experience. Risk-cost propensity. Resource availability. Formality preference. Values. Perceived market dynamism. GIVMo Matrix. Actual and perceived people management competence. People management understanding and attitude. Entrepreneurial learning.	Employee size. Risk-cost.	Market opportunity. Mentorship and coaching. Social networking underpinned by best practice. Actual market dynamism.

As shown in Table 6.3 batches one to three above, most KIFs revolve around the personal background of my SME owner managers, hence, being personal factors. Others relate to the running of the business, thus, venture operational factors while others relate to the environment; hence, market factors. Notably, there are some factors that cuts across all people issues, for example, end-goals, risk-cost propensity, entrepreneurial learning, market dynamism, people management understanding and people management competence. These are universal in all people issues because how my SME owner managers approach people management is reflected among others through their people management competence (actual and perceived), market dynamism (actual and perceived), their risk-cost propensity, how they continuously learn about themselves, their ventures and the market and overall, how they align people management to their end-goals. Given this theorization, I now present below the Entrepreneurial Learning End Goal Theory.



**Figure 6.3 Entrepreneurial Learning-End Goal Theory Framework For People Management In Small And Medium Enterprises**

Figure 6.3 above shows how the enactment of people management is a complicated process comprising of numerous interlinked phases and intricate events, shown in circles as phases (1-15). My narrative substantive theory is as follows:

SME owner managers mostly enact people management driven by an understanding of a complex, dynamic, uncertain and risky open systems macroenvironment, (Fig 6.3, circle 12). Notably, these owner managers do not venture into business to do people management but to fulfil their various entrepreneurial goals (Fig 6.3, circle 3a), a few of which they prioritize as their End-Goals (circle 3b) as they pursue their Self-Identities (Fig 6.3, circle 15). At the inception, these owner managers were individuals traversing their different non-entrepreneurship life journeys, from birth, growing up, upbringing, primary, secondary, advanced level and tertiary education, employment and the own business life stage (Fig 6.3, circle 1).

Significant about these life stages is that they house various knowledge source domains such as parents (family/home), educational institutions, religious institutions, communities and societies, business and non-business organizations which provide employment, friends, workmates, business associates, business coaches and mentors as well as various networking organizations. The import of all this is that as these individuals grow, they acquire diverse knowledge assets about life in general, how to relate with other people in society, about business and in some cases specifically about people management in the workplace. Notably, under the initial non-entrepreneurship life journey, this knowledge acquisition is not through entrepreneurial learning but by the traditional learning we all do as human beings.

It follows that sometime, mostly during their career life, these individuals get entrepreneurially motivated to venture into business: Either forced (push motivation) or attracted (pull motivation), (Fig. 6.3, circle 2). This represents the 'Being Forced Or Volunteering To Get Into Business' theme which I articulated in chapter 5 and the role of extant knowledge concept of entrepreneurial motivation. This entrepreneurial motivation creates a tension within my SME owner managers as they realize the gap between their current status vis-à-vis their desired self-identities, (Fig. 6.3, circle 15). Consequently, they set up numerous entrepreneurial goals (Fig.6.3, circle 3a) out of

which they also mark out their dominant end-goals (Fig. 6.3, circle 3b). While all owner managers set independence goals (control, flexibility and freedom), however, some owner managers are driven by dominant survival and or lifestyle end goals; survival and or family end-goals. Most of these owner managers also tend to be driven by push entrepreneurial motivation into business. There are also some owner managers who mostly harbour wealth and or lifestyle end goals; wealth and or social responsibility end goals, wealth and or family end-goals; wealth and or spiritual end-goals. All these owner managers also tend to be mostly driven by pull entrepreneurial motivation into business. Social responsibility and spirituality mostly share a common objective, that of making a difference in society.

Crucially, important about these end-goals is that they direct the owner managers' entrepreneurial behaviours and entrepreneurial activities, inclusive of people management. Therefore, from this goal theory perspective, people management approach or typology and its enactment mostly tends to tail the end-goals and not vice versa. Further, these owner managers have the absolute control of ensuring people management is subservient to their wishes, preferences, tastes, aspirations, general goals, end-goals and self-identities. When these owner managers set their various entrepreneurial goals and identifying their end-goals, they subsequently foster entrepreneurial intentions (Fig. 6.3, circle 4), which in most cases, they do not exploit immediately but rather after some gestation period.

During this period, they 'soul search' themselves, assess their competencies, further clarify their goals and self-identities, and ultimately reinforce their entrepreneurial motivations. All the above tallies with the 'Envisioning future self' as well as the 'Tension, Desire And Aim To Get Into Business' themes which I explained in chapter 5. At the same time, their personal values (Fig. 6.3, circle 5) play a critical moderating role in validating motivations and the end-goals. This illuminates the 'Upholding One's Principles And Ideologies' theme (see Chapter 5). Distinctively, this interplay amongst goals, intentions, values and motivation continues in perpetuity and I call it the GIVMo Matrix effect. These factors co-influence each other, albeit end-goals always taking the lead in stirring the direction of both the owner manager and the venture.

The setting of various entrepreneurial goals, the identification of end-goals and fostering of entrepreneurial intentions are not the only by product of entrepreneurial motivation but it also ushers in a new journey, that is, the entrepreneurship journey. Importantly, a critical incident then takes place at the point of being entrepreneurially motivated and during the gestation period of seeking to exploit their inherent entrepreneurial intentions. What happens is that these prospective owner managers introspect and reflect on what competencies they have and those they must have to effectively exploit their creative ideas. This mirrors the 'How Much Do I Know, What Can I Do And Not Do?' theme (see Chapter 5). It is during this critical incident, that is, the knowledge assets evaluation episode, that these owner managers process their resident knowledge assets (Fig. 6.3, circle 1), which they acquired via traditional human learning into novel entrepreneurial knowledge assets (Fig. 6.3, circle 7) fit for entrepreneurship.

This process is a novel and new dimension of understanding entrepreneurial learning, (Fig. 6.3, circle 6). During the assessment of their inherent knowledge assets, what influences the owner managers' perceived people management competencies is the quality of their experiential and theoretical people management experience. On the other hand, their attitude towards employees and people management (Fig 6.3, circle 9) is influenced by the quality of theoretical and experiential people management experience, people management risk-cost propensity and the GIVMo Matrix (i.e. Goals, Intentions, Values, Motivation).

After evaluating and transforming their inherent knowledge assets the owner managers embark on an entrepreneurial learning journey in which from hence forth, they leverage on entrepreneurial learning (Fig.6.3, circle 6) to continuously acquire, generate, process, store, access and utilize diverse knowledge assets. This marks the commencement of the theme 'Entrepreneurial Learning To People Manage', (Chapter 5). These knowledge assets, which are inclusive of people management, informs how these SME owner managers proceed to launch and grow their ventures, sustainably competing in the open systems macroenvironment, (Fig. 6.3, circle 12). They manage such knowledge assets by mostly storing it in their minds as memory, writing it on paper and occasionally storing it on video, (Fig. 6.3, circle 8). Given the hierarchical nature of

the life stages, for example, from birth to the own business life stage, it mostly follows that knowledge assets acquisition and generation is also hierarchical. Importantly, this entrepreneurial learning knowledge acquisition and utilization ceases when these owner managers exit entrepreneurship. The maxim here is that, any learning outside entrepreneurship is either the traditional way of learning or something else but not entrepreneurial learning. What this implies to people management is that it is not static but transformative as these owner managers daily learn how to manage their people given the multiple realities and diverse social construction that takes place in the work environment. This mirrors the theme of 'Constant Change And Unpredictability In Managing People', (Chapter 5). Further, the diversity of this entrepreneurial learning is quite apparent, occurring via any of these forms: experience, action, routine, critical incident, imitation, trial and error, emotional, social, context, and reflection (Fig. 6.3 circle 6).

When prospective owner managers undergo the critical incident episode (i.e. entrepreneurial learning) of transforming their inherent knowledge assets into novel entrepreneurial knowledge assets they also address the question of people management. Crucially, this is one of the points at which rationality is quite strong and it marks the commencement of the agency effect of the SME owner manager in influencing the shaping and enactment of their people management approach. This illuminates the beginning of the theme of 'How AM I Going To Do It?', (Chapter 5). They do this so that they can accordingly process and or acquire people management competencies they deem critical for the exploitation of their entrepreneurial intentions. It is in this context that they draw on their inherent knowledge assets, which inevitably includes entrepreneurial learning acquired knowledge in the case of those who are serial entrepreneurs.

Specifically, leveraging on these knowledge assets, the SME owner managers delve into various social construction realms (pages 218-226) exploring what managing employees, workers or contractors entails to them. Crucially, this is both an intuitive and analytical process in which these prospective owner managers and established owner managers go through, resulting in them generating disparate meanings about people management, (Fig. 6.3, circle 8). These people management meanings shape

their attitudes towards people management (Fig. 6.3, circle 9) and the attitudes in turn further influence these people management understandings.

Consequently, when these owner managers eventually exploit their entrepreneurial intentions, they go on to enact disparate people management approaches (Fig. 6.3, circle 11). These people management approaches are based on the SME owner managers' diverse conceptualizations of what people management entails to them and I have classified these approaches into seven people management typologies, (Fig. 6.3, circle 10), see Chapters 5.3-5.4 and Appendices H-O, pages 340-349, for details. Specifically, these owner managers discharge various people management practices, (Fig.6.3, circle 11). These practices are reflected via how they recruit and select people, formalize their employment contracts, induct and deploy. The practices are also shown via the SMEs' work ethos and relations, how they deal with employee empowerment and involvement, team approach, performance management as well as training and development.

Further, these practices are also illuminated through how they address rewards and compensation, employee wellbeing as well as grievance and disciplinary processes. During this enactment they always strive to be in control, minimizing cost and risk, preferring recruiting on skill, knowledge, experience. They are always preferring people management practices that best advances their end-goals and often imitating what they observe their colleagues do. In addition, they keep trying, making mistakes and entrepreneurially learn how to manage people. All this mirrors the themes of 'Being In Control, For Me And By Me' , 'Doing As My Fellow SME Owner Managers Do..., But?', 'Preference For Skill, Knowledge, Experience, Trust, Loyalty And A Win-Win', 'Having To Remain Liquid, Cutting Costs And Surviving' and 'Entrepreneurial Learning To People Manage', all of which I discussed in Chapter 5. Specifically, the enactment of people management as depicted by circle 11 in Fig 6.3 above is heavily influenced by host of personal, market and venture related factors, that is the KIFs, which I have been flagging up in chapters 4.1-4.4 and finally consolidated in Table 6.4 above.

As noted earlier on, the end-goals tend to have a superior influence, for instance, where people management skills and knowledge are abundant, and even people

management experience is positive, the owner managers would mostly tend to disregard all that. In addition, although informality is the preferred default mode of business operation, inevitably, these owner managers tend to adopt an ever-changing blend of highly informal people management practices with fewer formal practices, (Fig. 6.3, circle 13). Further, the formality mix tends to increase the more these owner managers grow in employee size, subject to of course promoting the end-goals. I continue my narrative theory below explaining how people management evolves and transitions along the entrepreneurial journey.

### **6.5 People Management Transitioning Framework**

My SME owner managers do not consistently enact people management in the same way through the same approach and practices. Instead, they do so in transformative manner, (Fig. 6.3, circle 14). This is because they are mostly striving to adapt to the complex and dynamic open systems macroenvironment. Consequently, of the many possible transformative trajectories, one such trajectory, especially, for nascent owner managers, is to start by adopting the Lifestyle Typology. Being mostly highly risk and cost averse and less confident about the venture, the market and about themselves as entrepreneurs, they can opt to just work alone: no engagement of employees, or workers or contractors. With passage of time, expectedly they improve in terms of their business, market knowledge, self-confidence, market and business confidence and consequently, they can most likely transition their people management approach into the Outsource and Collaborate Typology. In this case, they begin to outsource and contract a few trusted people to help them do the work.

Continued improvement in sales, market knowledge, self-confidence, market and business confidence can influence these owner managers to evolve into the Employee Core Team People Management Typology. For the first time they will recruit just a handful of employees (i.e. permanent fulltime people) while outsourcing and collaborating for the rest of the work tasks. Further improvement in the underlying benchmarks mentioned above enables a transition into the Collective Endeavour People Management Typology, there by having to meet the requirements of the employment law and its related risks. In this regard, the SME owner managers can now engage as many employees as they want and only recruit contractors if it is



critically necessary. This transition would mark the apex of evolution upwards if there are no other dominant end-goals. However, in the event of strong socialist and spirituality ethos, then such owner managers can transition into the Social Responsibility or Spirituality Legacy People Management Typologies. Similarly, those driven by strong family aspirations will either just start in this Family mode or evolve from Lifestyle Typology into Family Legacy or from Outsource and Collaborate into Family Legacy. Importantly, in exiting the market, the SME owner managers have also the option of pursuing the same trajectory, that is from Collective Endeavour, to Employee Core Team to Outsource and Collaborate and back to square one: Lifestyle Typology, after which they retire from entrepreneurship.

To demonstrate this transitioning, I have since shown (pages 126-127, 145) how Craig being driven by dominant lifestyle end-goal founded his lifestyle business consultancy venture. For a good three and half years from date of my interview with him, he has been discharging a Lifestyle people management. However, and notably so, since the past six months he is increasingly transforming into an approach that I term the Outsource and Collaborate People Management Typology. Two things explain Craig's people management evolution. Firstly, he refined his lifestyle end-goal in terms of his precision in attaining it. This critical incident entrepreneurial learning occurred after he attended a global strategic entrepreneurship conference and a separate strategic coaching session. In both cases, Craig acquires knowledge in respect of how he can more effectively utilize his time, thus:

*“And what they say [Strategic coaches at an entrepreneurs’ conference] on the coach programm is: there are things that you are very good at, they excite you and energize you and you do very very well; that’s what you should focus your time on. Then these things that you have to do in business and probably not very good at that you don’t enjoy, sucks your energy out of you; if you can focus on you unique ability, you need to find other people to do some of the other work”, (Craig).*

Secondly, Craig also got an additional end-goal, that of sustainable retirement and as such he founded a sheep farming business (page 243) and to effectively run these two,

he reckons outsourcing will catapult his ideas. Consequently, it is now six months since he engaged a part time personal assistant (page 147) and at the same time, he is currently building a talent pool of contractors whom he can always engage as and when necessary.

Similarly, Isaac, founded his information technology venture driven by the lifestyle and wealth end-goals, thus for a good 12 years he has been discharging a people management approach reminiscent to the Lifestyle People Management Typology, (pages 99, 146-147). In this venture, he has a very strong negative attitude towards employees and people management, hence, he works alone. However, in his 12<sup>th</sup> year Isaac got driven by an additional end-goal, that is, the 'difference making end goal', after which he is just one year having founded a second venture: a manufacturing business. In this venture he seeks to manufacture equipment to benefit the physically challenged and visually impaired people. Interestingly, for this manufacturing venture, he now tolerates employees (page 147) to the extent of wanting to recruit as many as 200 of them. He will be managing these employees under the Collective Endeavour People Management Typology while continuing with his Lifestyle Typology for his information technology venture. Please note that Isaac, even assessed options of outsourcing for this manufacturing venture but finds it challenging to impart his vision to contractors, which he deems is much easier if he engages employees. Therefore, owing to his new end goal: Difference Making, which he considers more important than his dislike of employees, he is prepared to, as he puts it, sacrifice being "*hassled by employees*". Thus, he speaks:

*"Because the Vision is bigger than my personal preferences. So, I am now prepared to go through the pain of employing people because without people I can't achieve the vision", (Isaac).*

Equally, Sasha started her creative arts venture as a lifestyler, neither employing an employee nor a contractor for four years. After gaining market confidence, she developed a talent pool of creative art contractors whom she engages on different projects. Therefore, since the past 15 years she has been using a people management approach (pages 147) akin to what I have classified as the Outsource and Collaborate

People Management Typology. Notably, in her 19<sup>th</sup> year in business, and being of an older age, Sasha got strongly motivated around her self-identity in retirement. Consequently, being driven by this new end-goal she founds her second venture, a restaurant (pages 117) in which she has since recruited 11 employees and manages them using an approach akin to the Collective Endeavour People Management Typology.

Similarly, Bobby the leading serial entrepreneur in my study, embarked on his entrepreneurial journey as a lifestyle, acquiring a very small firm and later founded several other firms one of which he firstly grew to about 15 employees. Driven by his strong spirituality ethos to influence business and community through Christianity, he later further grew this firm to about 27 employees as he became an international entrepreneur with branches in Europe, UK and Africa. It was at this peak employee size that he later felt managing employees quite hassling, hence he sold his very successful international firm of 17 years, the primary reason as he puts it “*managing people*” being a hassling “*primary responsibility*”. In disposing this firm, he reverted to owning very small firms with just a handful core employees (Core Employee Team Typology) while outsourcing the rest of the work to various contractors. Importantly, throughout his entrepreneurial journey, Bobby has used numerous different people management approaches, starting first with what is akin to Lifestyle People Management Typology followed by Outsource and Collaborate, then the Employee Core Team, later the Collective Endeavour and finally the Spirituality Legacy. From this Spirituality Legacy he undertook reverse transformation back to Collective Endeavour and currently he is once more underpinning on the Employee Core Team.

In downgrading from his Spirituality Legacy Typology back to Collective Endeavour, he acknowledges that his Christian spirituality end-goal was “*too idealistic*” albeit of course he is still very much a devout Christian. At the time of my interview with Bobby, he disclosed his yet another new end-goal, that of sustainable retirement. Driven by this latest end-goal, he is planning to sell his current firm and buy his last small venture in which he will have no employees but just outsource. Alternatively, he will retire his three employees and just continue outsourcing (Outsource and Collaborate) while looking for prospective contractor-buyers who can later take over his venture in a

management buyout transaction. Presumably, if we were to catch up with Bobby several years later, it will not be surprising that he may no longer be outsourcing and collaborating but predominantly back to square one: working alone as a lifestyle in 'lone wolf fashion'.

Space constraints do not permit me to capture all the participants' cases indicating how their people management approach evolved along their entrepreneurial journeys. However, given the above expose', it is time now to evoke the question, I posed earlier in Chapter 4.4 page 191, but did not address, that is: Do SME owner managers do people management drawing from their past experiences or being informed by their end goals? Clearly, from the above cases for Craig, Sasha, Isaac and Bobby, it is quite apparent that it is in pursuit of their end-goals and self-identity that these owner managers adopt and enact different people management approaches. Importantly, it is not so much of their experiences in people management but rather where they aspire to be in terms of their self-identity, which ultimately determines the people management that they prefer to enact. To enhance this view, iterating back to data is vital and let us hear Craig explain notions of his self-identity, thus:

*"But it's been really an exciting journey [his entrepreneurship journey], I have eer, some great clients, I have done some really great work. I have met some wonderful people. I have worked on what I want to be when I grow up. I have worked out in that time what my purpose in life is: To motivate and inspire people about the future [as a business consultant]", (Craig).*

In the above, Craig acknowledges addressing the self-identity question: Who do you want to be growing up, which is a futuristic mapping out of one's self-image, setting end goals, which undoubtedly will guide behaviour. Continuing, Craig, further explains:

*"Eer, so the drive [motivation] was very much to create freedom [independence end goal] and space for me to eer, earn money [personal income goal] whilst working at what I want to be when I grew up [dominant end goal and self-identity] such as opportunity to have fun, have adventures [lifestyle end goal], spend life*

*doing other things especially the farm. So, I just bought some sheep. So, I want to be a farmer like I said before”, (Craig).*

Importantly, Craig now has a strong end-goal for sustainable retirement, for which he is planning to do sheep farming. Because of this new end goal, he is now willing to develop a talent pool of contractors to assist him in his business consultancy venture. All this is quite fascinating to comprehend given that this is the very same Craig who in launching his venture vowed not to recruit anyone but work alone.

As my final nail in the coffin of the notion that experience predominantly determines people management, I provide two excerpts that gives credence to the superiority of end-goals, thus:

*“This is where you actually switch off your logic and you follow your heart, you follow your gut feelings, you follow your intuition, you listen to your inner voices. You feel the person you are interacting with; you feel aargh the situation. You interact with time and space and events aargh, constellating around your intended goal”, (Anzhelika).*

Above Anzhelika explains how she does not primarily rely on her experience including formal education to do business and understand how to manage people. Instead, everything about what she feels and thinks “*constellates around her intended goal*”.

A veteran owner manager (well experienced in business and dealing with people) also explain below the impact of end-goals on business and managing people, thus:

*“Well, eerh, this is almost eerh not to regret but I suppose a realization the realization that I didn’t realize what the significance of the business is I was creating; and so, in a sense I didn’t try and preserve it. You know if I had realized, I didn’t have a goal of creating this significant consultancy. So, you know, maybe this is why I don’t still have this significant consultancy, there is nobody else still running this consultancy that I once had, who knows [Because he did not clarify end-goals]”, (Luke).*

He continues to reflect as follows:

*“...And I would say that I didn’t have that [End-goals underpinning business strategy] when I set up UK Consult [His business]. It was just a short term finding a way of staying in there and keeping everyone happy; which worked. But you know as the company developed I should have time, taken time to teach, to eerh, work in coaching which I have got to work on the business rather than work in the business...I didn’t spend enough time working on the business as opposed to working in the business”, (Luke).*

Because of unclear or lack of end-goals Luke’s consultancy business suffered and there was staff turnover including his son, thus he attests:

*“eerh, I mean George [his son] worked for me for 10 years and then he left. He didn’t fancy running UK Consult”, (Luke).*

Clearly, had Luke setup succinct end-goals and let these underpin his business strategy, his people management would not just have focused on as he puts it *“keeping everyone happy”*. As he now realizes upon reflective entrepreneurial learning, he should have spent *“enough time working on the business as opposed to working in the business”* including training and developing his people as well as earmarking his son to take over. All these are people issues that could not take effect due to paucity of end-goals, notwithstanding abundant business experience from several large enterprises. Ironically, the last large enterprise Luke had worked for as a senior executive had serious people management issues across all business functions, the reason why he resigned to set up his business. It could be that Luke premised on this past sour employee relations and thought to set up a work environment that keeps everybody happy. However, keeping everybody happy does not necessarily translate to effective people management and without clear end-goals his consultancy firm tumbled.

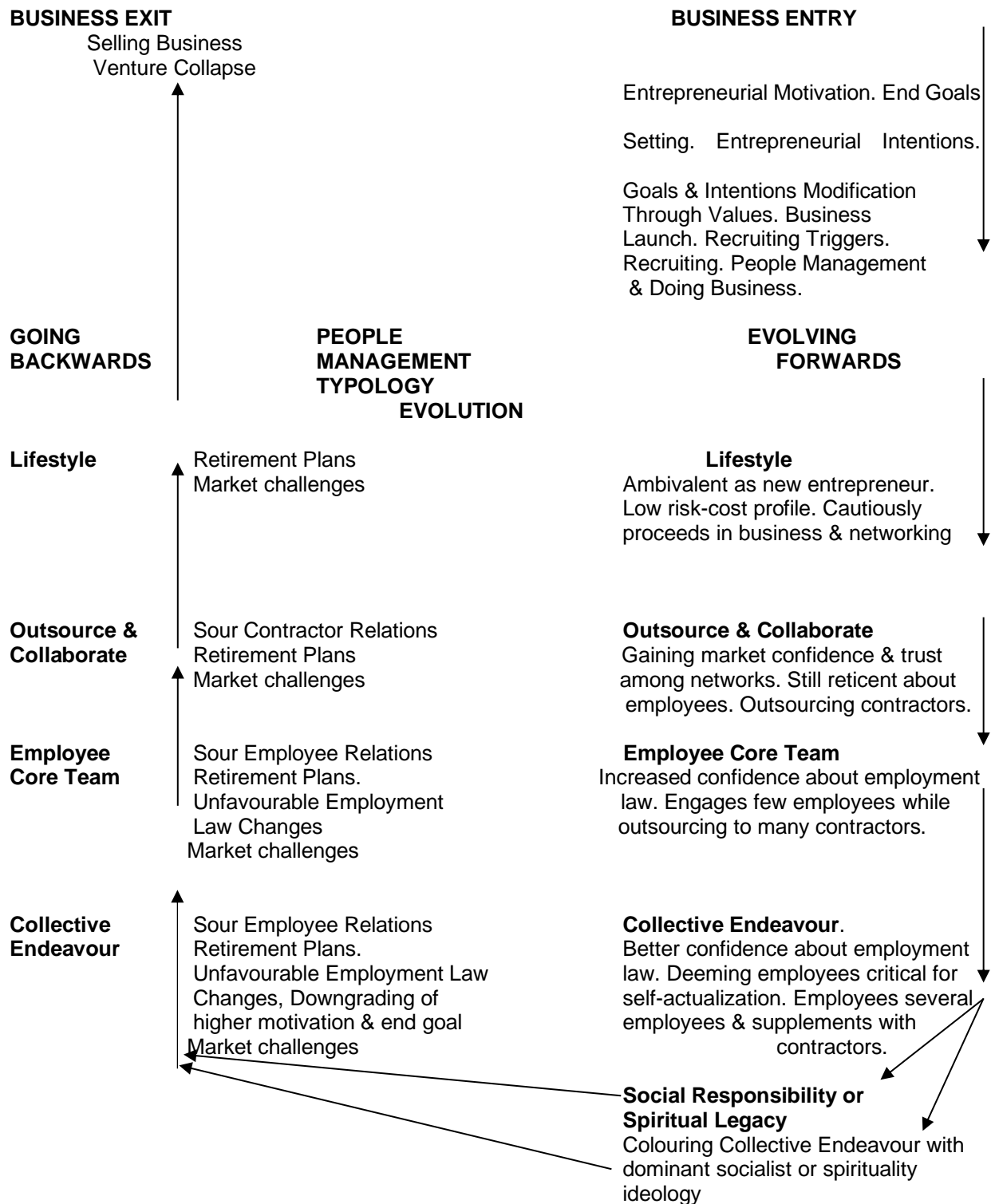
To further attest the relationship between experience and end-goals and how they influence people management in SMEs, I will give this illustration.

'People management experience' and 'end-goals' are like two siblings crossing a mighty flooded river on a slim pole. When 'people management experience', hereby the younger brother falls, 'end-goals', the elder brother, always lift his younger brother. But when 'end-goals' falls, fatality occurs because 'people management experience' cannot lift 'end-goals'; hence, they both fall in the flooded river and gets wiped away. 'People management experience' is always falling and getting assists from 'end-goals' because being experience, it always looks back and down whereas 'end-goals' being optimistic, in faith, it persists looking straight ahead towards its self-identity.

The import and rationale of this creative imagination is that, to enact people management, it is not so much an issue of where am I coming from, what people management competencies and experiences do I have but rather mostly a crucial matter about where am I going, what people management competencies and experiences must I have to achieve my end-goals and self-identity. Therefore, regardless of people management competencies and experiences being positive or negative, end-goals in pursuit of self-identity will mostly strive to pull ahead, ensuring the adoption and enactment of the most satisfying people management approach given the circumstances and context of the open systems macroenvironment.

Importantly, what stands out from this narrative substantive theory is how it comprehensively contextualizes the people management process. It clearly articulates the intricate and interconnected phases constituting this enactment process, defines the contours of the cross relationships and ultimately explicates why and how such phases take place and the subsequent outcomes.

Consequently, given the above evidence, I present below a framework that captures one reality among many, of this people management transitioning process.



**Fig 6.4 People Management Transitioning Framework**



Indeed, the above examples indicate how inevitably, my participant owner managers traverse an entrepreneurship journey in which they are always acquiring and generating diverse knowledge assets including people management competency via entrepreneurial learning. A concise testament of the entrepreneurial learning that occurs across this entrepreneurship journey comes from my study's leading serial entrepreneur, and this is what he says:

*"We are all sponges aren't we? So during our life time whether we notice it or not we are focussing and soaking up our social up bringing our religious or otherwise influences in our lives aarhm influences in our lives aarhm, which provide motivation. Aarhm, in the work place aarhm, I went on every single course I could technically and so I was always being assessed and examined in the work place and at night school ; and so I had very little time for social life except constant learning but very enjoyable; and I think when we are young particularly and our sponge and our minds have a greater capacity than when we get older aarhm, but it's life experiences: one said that aarhm, the university of life is the greatest and most powerful way of graduation and can be very aarhm, hurtful place; you get damaged but I think when something doesn't work by being quite sort of an extrovert in nature you can pick yourself up and try on the next thing", (Bobby).*

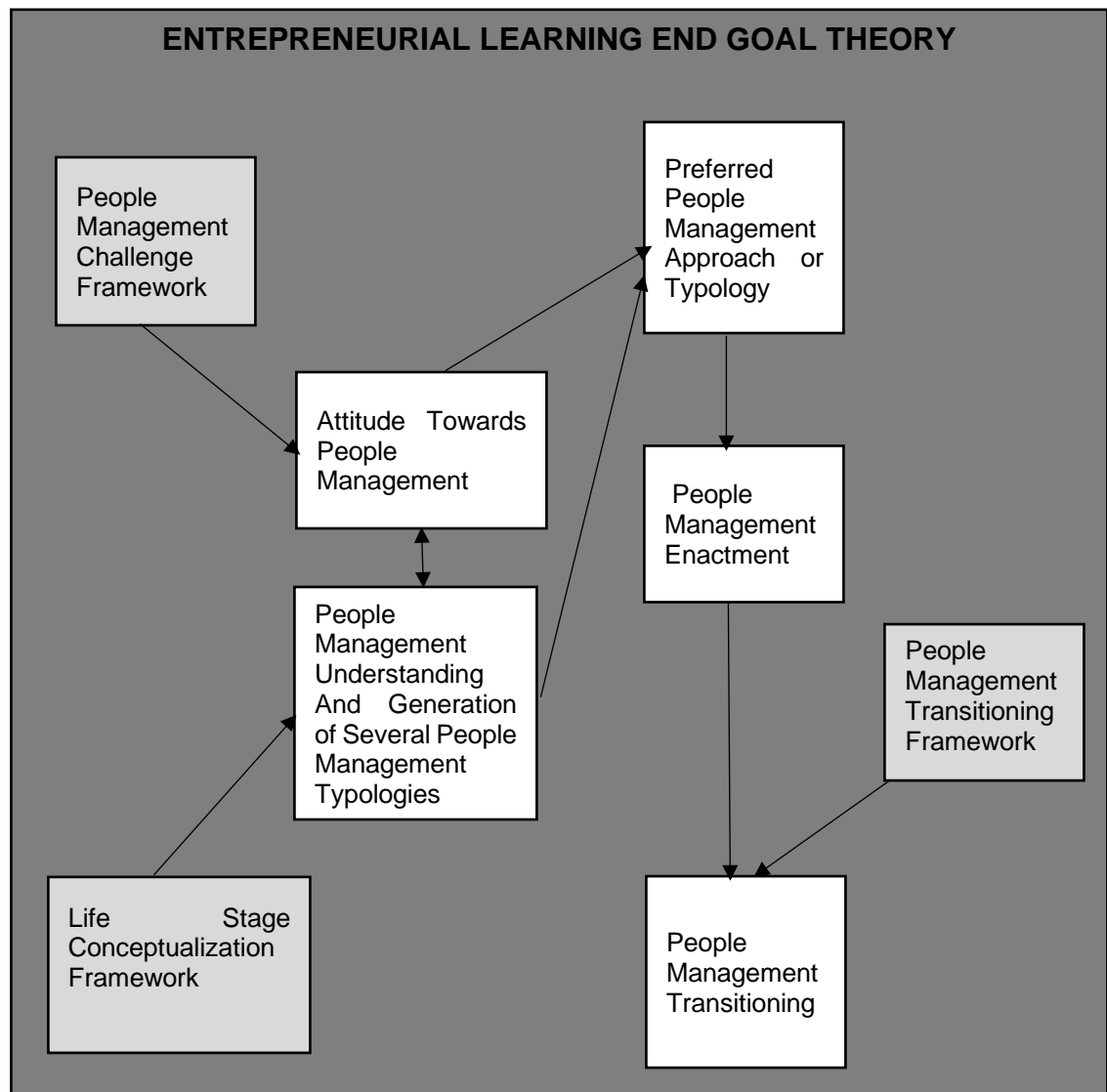
Consequently, as shown in Figure 6.4 above, as my participant owner managers chase their evolving end-goals, so does the kind of people management they enact also evolve. Therefore, it is my interpretation that:

With new venture start up in mind, SME owner managers will mostly prefer to start enacting people management through discharging evolving people management approaches that mirrors these people management typologies and in this likely order: Lifestyle, Outsource and Collaborate, Employee Core Team, Collective Endeavour and then follow the reverse order in their preparation to exit entrepreneurship, thus: Collective Endeavour, Employee Core Team, Outsource and Collaborate and Lifestyle.

Further, I decipher that:

Owner managers with dominant spiritual, socialist and family aspirations will mostly modify the Collective Endeavour People Management Typology into the Spirituality Legacy, the Social Responsibility and the Family Legacy People Management Typologies respectively.

Before summarizing, I must point out that the above four theoretical frameworks are closely interlinked, thus:



**Fig 6.5 The Integrated Frameworks Explaining People Management in SMEs**

As shown above, the main framework is the Entrepreneurial Learning End Goal Theory while the rest explain its specific phases. Consequently, at any given moment SME owner managers discharge attitudes towards managing people both prior to new venture start up and during operating their businesses as well as thinking about the future. In doing so they usually find managing people quite challenging and this is what the People Management Challenge Framework (also represented in earlier model, circle 9, Fig 6.3) articulates. Importantly, these attitudes feed into their subsequent interpretation of people management and its enactment as shown by the arrows above. The Life Stage Conceptual Framework explains how the SME owner managers develop their people management understanding inclusive of attitudinal influence and this framework is also represented in the earlier model (circle 8, Fig 6.3). Based on their people management understanding and the attitudes, the SME owner managers prefer a certain approach to manage people and proceed to enact this approach in a fashion typified by the seven people management typologies I mentioned earlier on. The People Management Transitioning Framework, also represented in the earlier model (circle 14, Fig 6.3) explains how SME owner managers continuously transition their approach to managing people. Therefore, the Entrepreneurial Learning End Goal Theory Framework tells the story that SME owner managers generally find it very difficult to do people management. They firstly have attitudes towards people management, conceive what people management entails to them leading to multiple interpretations, for which they proceed to enact a preferred approach, which they continuously modify as they adapt to the complex dynamic open systems macro-environment. Further, it is mostly end-goals and not past experiential learning that dominantly influence the shaping, enactment and transitioning of people management.

## **6.6 Summary**

In fulfilment of my fourth research objective, I developed the Entrepreneurial Learning End Goal Theory, which depicts how my SME owner managers enact people management. Table 6.4, pages 229-231 above highlights the portfolio of key influential factors that underpin the context and complexity of people management in SMEs. Through the People Management Challenge Framework, I illuminated how they at any given time find managing people quite challenging. Further, through the Life Stage Conceptual Framework, I illustrated how my SME owner managers develop their

unique understanding about people management. Through the People Management Transitioning Framework, I showed how they continuously evolve their approaches to manage people as they adapt to the macroenvironment. Finally, I highlighted how all these frameworks fit into each other. Following next is my discussion of the substantive theory.

## CHAPTER 7

### ENGAGEMENT OF SUBSTANTIVE THEORY WITH LITERATURE

#### 7.0 Introduction

In this chapter, I engage my substantive theory with extant knowledge, thus illuminating areas of convergence, divergence and new insights. Notably, my theory is neither a grand nor a middle range theory but a specific and situated theory to explicate “*an empirical problem [or] a main concern*” (Charmaz, 2006:195) about people management in SMEs. It is my own social construction as I “*scrutinized numerous particulars*” (Charmaz, 2006:195) and creatively interpreted empirical data from the point of view of my SME owner managers what people management entails to them, why and how they enact it in the way they do.

Given the complexity of my substantive theory, I shall discuss it under these phases, which I have abstracted from Figure 6.3, page 233.

- End goal, self-identity and primary critical knowledge ascertainment.
- Understanding for managing people and attitude towards employees.
- Secondary critical knowledge ascertainment and acquisition.
- Ascertaining and choosing how to manage people.
- Ascertaining how to enact preferred approach and activities to manage people.
- Enacting preferred option to manage people.
- Transforming the preferred approach and activities to manage people.

To further enhance understanding, my discussion will be four pronged, that is, initial submission of what my substantive theory posits, review of relevant mainline HRM theories, engagement with relevant conceptual and empirical studies and fourthly giving a glimpse of how my substantive theory contributes to knowledge. Please note that I shall articulate in detail my contribution to knowledge in the next chapter.

### **7.1 End Goal, Self-Identity And Primary Critical Knowledge Ascertainment.**

My Entrepreneurial Learning-End Goal substantive theory submits that at any given time, prospective SME owner managers are not tabula rasa, (Charmaz, 2006). Instead, depending on their life trajectories, be it path dependency or path creation driven, (Garud et al., 2010) they accumulate diverse knowledge assets through the traditional human learning, which is non-entrepreneurial. How they acquire this knowledge is not the primary focus of my study but to acknowledge that prior to getting into entrepreneurship, they are not blank slates, (Dunne, 2011). Indeed, it would be absurd for my theory to assert that people do not have any knowledge until they undertake entrepreneurship. Notably, serial entrepreneurs will have more relevant prior knowledge about entrepreneurship inclusive of people management, (Bayon et al., 2015; Lichtenstein et al., 2007; Politis, 2005)

Under this phase, my theory concurs with extant knowledge in respect of how entrepreneurial motivation leads to self-identity assessment, setting up of goals, fostering of entrepreneurial intentions and leading to opportunity and necessity entrepreneurs, (Mahto and McDowell, 2018; Bayon et al., 2015; Farmer et al., 2011; Dunkelberg et al., 2013; Carsrud and Brannback, 2011; Lichtenstein et al., 2007). In generating numerous self-identity profiles, individuals pick the most satisficing because they consider their chances for success given their background circumstances (e.g. competencies, experiences, aspirations), (Mahto and McDowell, 2018). Charmaz, also attests:

*“People do not always plummet down the identity hierarchy; some climb up identity levels”, (Charmaz, 2006:139).*

In my case some owner managers owing to adverse situations such as job loss plummeted down and had to work their way up through entrepreneurship, while others kept on climbing up making voluntary entrance into entrepreneurship. Apart from affirming extant knowledge, my theory enlightens our understanding of entrepreneurial learning. Historically, entrepreneurial learning is understood in terms of identifying and exploiting opportunities as well as knowledge acquisition and utilization during managing the business and growing it, (Wang and Chugh, 2014; Politis, 2005; Cope,

2005). Not so much focus has been put on entrepreneurial learning prior to new venture start up. My theory shows that entrepreneurially motivated individuals leverage on entrepreneurial learning to exploit their inherent diverse knowledge assets, processing and transforming them into novel entrepreneurial knowledge fit for use in entrepreneurship. I argue that this is entrepreneurial learning because once these individuals have their entrepreneurial spirit (Rae, 1999) awakened, they, within contours of some strategic space (Jones et al., 2010) reflect and critique their inherent knowledge brainstorming for possibilities. Inevitably, these individuals complete Kolb's learning loops (Pittaway et al., 2015), which they would have started long back before being entrepreneurially motivated; hence, generating novel knowledge for use in their entrepreneurship.

If these individuals are not entrepreneurially motivated and driven by this entrepreneurial spirit, they will not evoke entrepreneurial learning. As such they will not process their diverse knowledge assets into novel knowledge for entrepreneurship. Therefore, given the above, I define entrepreneurial learning as:

The process through which entrepreneurially motivated individuals are driven by the entrepreneurial spirit to continuously and iteratively acquire, generate and utilize diverse knowledge assets from both their inherent knowledge reservoirs and their current entrepreneurship endeavours as they adaptively advance their businesses within dynamic and complex open systems macro-environment.

Notably, my theory shows how once entrepreneurially motivated, my SME owner managers keep engaging in actions to exploit their business ideas, thus affirming extant knowledge about entrepreneurial intentions, (Mahto and McDowell, 2018; Dheer and Lenartowicz, 2018; Kautonen, et al., 2017; Hsu et al., 2017; Bayon et al., 2015). These intentions include people management decisions made during this gestation period to exploit the business ideas. Concurrence with literature is also in respect of how my owner managers' values moderate the business and people management decisions. This is so, given values are the inevitable launch pads for self-identity and goals, (Daniel et al., 2015; Liem and Youyang, 2008). Therefore, owing to disparity in values

my SME owner managers' entrepreneurship journeys are heterogeneous and so are their business and people management choices.

Further, given that self-identity assessment is ongoing (Mahto and McDowell, 2018) my theory postulates that this serves as a key driving force among other factors to influence the transitioning of people management. A new insight my theory also introduces relates to how my SME owner managers' GIVMo Matrix is very instrumental in illuminating people management in SMEs and how end-goals have superior influence. Further, by illustrating the influence of these personal background characteristics, my theory illuminates the crucial role of both the strategic choice theory, (Child, 1997) and the upper echelon theory, (Hambrick, 2007).

## **7.2 Understanding For Managing People And Attitude Towards Employees.**

My theory concurs with extant knowledge in showing that entrepreneurial intentions are rarely exploited just as they are formed but after some gestation period, (Mahto and McDowell, 2018; Dheer and Lenartowicz, 2018; Kautonen, et al., 2017; Hsu et al., 2017). During this period my owner managers undertook several activities such as securing office premises and raising capital, which extant knowledge reflects, (Bayon et al., 2015; Newbert, 2005; Politis, 2005). However, what is not so illuminated in detail is how these entrepreneurs address the question of managing people. In this regard, my theory provides new knowledge about how through the Life Stage Conceptual Framework (page 220), owner managers generate their unique understanding about managing people.

Further, whereas based on extant knowledge we have always understood that owing to mostly resource poverty, being small and preference for informality, SMEs generally struggle to do people management (House of Commons, 2018; Lai et al., 2017; Nolan and Garavan et al., 2016; FSB, 2016; CIPD, 2015), my substantive theory goes beyond affirming this by elucidating eight dimensions (People Management Challenge Framework, Fig 6.1, page 216) in which they express their difficulty in managing people. In addition, just as my theory postulates disparity in doing people management so does some extant knowledge, (Gilman and Edwards, 2008:1), for which *“market situations and the choices they made [i.e. management]”* were instrumental for this



heterogeneity. My theory also illuminates the conformity dictum, which is the hallmark for the institutional theory, in which three pronged forces: “*coercive, mimetic and normative isomorphism*” constellate, leading to homogeneity in organizational practices, (Chin-Ju, 2010:3). However, my theory goes further to show that this community of practice (Wenger et al., 2012) is less influential where such common practices do not strongly advance the owner manager’s end-goals. Therefore, in being influenced to ‘do as my fellow colleagues do’ my owner managers always have the ‘but?’ injunction. My theory also enlightens our understanding in that although owner managers do have common views about people management it is their disparate views that significantly explain why they manage people in the way they do.

### **7.3 Secondary Critical Knowledge Ascertainment And Acquisition.**

This phase enlightens our understanding about how after generating their unique understanding about people management my owner managers once more leverage on their entrepreneurial learning to acquire and generate critical knowledge to run their business including managing people. Further, I show how knowledge management comes in, as my owner managers use this concept to store, further process and utilize this knowledge. From jotting notes, video capturing, memorizing, asking social networks and researching on the internet, my owner managers manage their knowledge, hence, in several ways affirming extant knowledge, (Wang and Chugh, 2014; Jones et al., 2010).

### **7.4 Ascertaining And Choosing Options For Managing People**

In this phase, I demonstrated that my SME owner managers’ conceptualization of people management leads to multiple meanings, which, basing on their GIVMo Matrix, they blend into a unique understanding. Further, I demonstrated that leveraging on their idiosyncratic people management understanding, attitude towards employees, actual and perceived competence in managing employees, and their people management risk-cost propensity, they then ascertain the kind of people management approach they would rather adopt. Specifically, I enlighten our understanding that owner managers do not exclusively unknowingly and or irrationally adopt their people management approach. Instead they size up the options and make their choice. This attests extant knowledge that individuals observe the social practice logic in which they strive to know

first before doing, (Geilinger et al., 2016). However, this rationality does not imply my owner managers possess comprehensive knowledge about their chosen option neither does this mean that they will apply rationality throughout their people management. Conversely, they are frequently adapting to the dynamic macroenvironment and to their changing GIVMo Matrix and self-identities. Ultimately, their people management approach is also emergent,

My substantive theory also affirms extant knowledge in respect of how owing to complexity, dynamism and uncertainty in life and in the macroenvironment, individuals also do things without prior knowledge. Therefore, through the 'practice turn' (Geilinger et al., 2016) with numerous trial and error (Pittaway et al., 2015; Wang and Chugh, 2014; Jones et al., 2010) my SME owner managers acquired knowledge, gained self-efficacy and enhanced their leadership, (Geilinger et al., 2016). Further, this rationality in striving to ascertain the kind of people management approach is attested by how during the gestation period my SME owner managers engage in planning regardless of how formal or informal it is. They confront the people management question, assess their actual and perceived competence in managing employees and discharge an attitude towards managing people. All this illuminates the theory of planned behaviour, (Mahto and McDowell, 2018; Kautonen et al., 2017).

I have also generated new knowledge regarding how my SME owner managers' multiple people management meanings translate into distinct seven people management typologies, (Appendices H-O, pages 340-349). That I have classified these people management approaches into typologies is well supported by literature, (Jaouen and Lasch, 2015; Charmaz, 2006; Petland, 1999) with Thurik and Wennekers, (1999) even advocating for the creation of typologies to aid comprehension of micro entrepreneurs. Further, Combs et al., (2019) have since espoused typologies to aid understanding about cohesion and flexibility within family firms and how ultimately this affects their HRM practices. My typologies are original in that they bring together concepts from behavioural psychological, HRM, strategy and entrepreneurial learning, blending them to explain how my SME owner managers exercise human agency to influence the shaping and enactment of their approaches to people management.

## **7.5 Ascertaining How To Enact Preferred Option To Manage People**

Under this phase, my theory demonstrates how driven by a range of factors (Table 6.4 pages 229-231) my SME owner managers blends informality with formality in managing people. This is fresh evidence that goes beyond our historic knowledge that mostly employee size and employment law influences formalization, (Atkinson et al., 2017; Marlow et al., 2010; Debrah and Mmieh, 2009; Ram et al., 2001; Bacon et al., 1996). Specifically, we now have new understanding that people management formality tends to rise where SME owner managers are highly educated, for they tend to be more inclined to 'best practice'. The same applies where SME owner managers were former employees in a large enterprise and especially in managerial position, or they actively engage in social networks that value best practices. In all these cases social learning about best practice people management is higher, hence preference for formality.

Where SME owner managers are highly risk and cost averse, the tendency is to prefer informal people management practices which they deem less risky and cheaper. SME owner managers who prefer a very close employee relationship tend to shy away from formal people management practices, which they consider tend to stifle their desired proximity with their employees, hence jeopardizing trust and loyalty (Atkinson et al., 2016). Whenever there is high uncertainty in the market, SME owner managers mostly avoid throwing caution to the wind and they tend to prefer more versatility and agility. Consequently, they mostly consider informal people management and doing the 'what works for me' practices. Overall, my SME owner managers prefer informality albeit they largely enact a varying blend of informal and formal people management practices influenced by diverse factors inclusive of end-goals. Preference for informality, arises from the need to be versatile and agile given the complex and dynamic open systems macroenvironment, (Torre and Solari, 2013). Therefore, my theory sheds light into the ongoing discourse about the people management informality-formality blend, (Mayson and Barrett, 2017; Marlow et al., 2010; Atkinson et al., 2010).

## **7.6 Enacting Preferred Option To Manage People**

This phase marks the launch of the venture and the commencement of enacting people management practices associated with the preferred people management approach/typology. Specifically, I demonstrate that my SME owner managers leverage

on entrepreneurial learning to enact people management, through the following practices.

### ***7.6.1 Recruitment And Selection***

I show that this varies from mostly being informal to an informality-formality blend. Indeed, dominant usage of informal practices such as word of mouth and networking is well researched, (Lai et al., 2017; Jaouen and Lasch et al., 2015; Marlow et al., 2010; Debrah and Mmieh, 2009). Equally, the informality-formality blend has not escaped scholarly investigation: Marlow et al., (2010) observes prevalence of advertising, job boards, word of mouth referrals while Chin-Ju, (2010) reports about word of mouth, headhunting and industry specific trade advertising, newspapers and psychometric testing. Importantly, the new insight my theory casts is how SME owner managers draw on a range of factors (Table 6.4, page 231) to decide who to recruit and select.

My theory also posits that in most cases these owner managers select based on skill, experience and person fit while overlooking academic qualifications. This inclination to consider mostly the skill and experience is illuminated by the human capital theory (Rauch and Hatak, 2016) in which these owner managers are aware that employees are not just head counts, and being pragmatic, they mostly prefer demonstrable skills and experience than academic qualifications, which they deem theoretical. Further, that they prefer person fit is understood in the light of the resource dependence theory (Harney and Dundon, 2006) through which knowing about the expertise power their prospective employees wield, they would rather have those employees who fit into their vision and work culture and with great potential for loyalty. The transaction cost theory (Jackson and Schuler, 1995) explains how these owner managers' risk-cost propensity is mostly very low, hence in recruitment and selection, they cut their coat according to their cloth, being constrained by resource poverty.

Consequently, when end-goals are predominantly independence (control and flexibility) and survival, and attitude towards working with other people (employees, workers, contractors) very negative, then the situation of working alone as 'lone wolf', which is the case of the Lifestyle people management typology mostly occurs. Similarly, given the same independence and survival end-goals, and very positive attitude towards

contractors and workers excluding employees, then recruitment of contractors and or workers is mostly prevailing. Given independence and wealth end-goals, coupled with positive attitudes towards recruiting people especially employees, then the employment of as many employees as possible often supplemented with contractors and or workers mostly occurs. When people management risk-cost propensity varies from high to low then appetite to recruit employees tends to decline. When owner manager has high affinity with family and friends then recruitment and selection tend to be biased against non-family and non-friends job seekers while the greater the employee size especially 30 and beyond the more the usage of formal practices. This family bias driven by family socioemotional and wealth end-goals is well documented in family business research, (Combs et al., 2018; Fang et al., 2016).

Further, when need to comply with employment law is high, mostly formal practices are used just as it is when degree for formality preference is high. Given this evidence, I demonstrate that it is the Lifestyle, Outsource and Collaborate, and Family Legacy, followed by Employee Core Team people management typologies which mostly prefers informal practices. Although the Collective Endeavour, Social Responsibility and Spiritual Legacy HRM typologies do use informal recruitment and selection practices, they also use formal practices.

I also demonstrate that owing to being driven by dominant survival end-goals (necessity entrepreneurship) Lifestyle, Outsource and Collaborate SME owner managers mostly don't recruit employees while Family Legacy and Employee Core Team recruit just a handful. This contrasts sharply with their counterparts the opportunity entrepreneurs whose end-goals are predominantly wealth legacy. This finding corresponds well with empirical evidence (Jaouen and Lasch, et al., 2015) about success and paternalism dimensions that drive passion for growth while hedonism and subsistence drives lack of appetite to grow. In this case, Lifestyle, Outsource and Collaborate, Family Legacy and Employee Core Team are mostly driven by hedonism and subsistence while Collective Endeavour, Social Responsibility and Spirituality Legacy are mostly propelled by success and paternalism.

Further, owing to previous sour employee relations, increased people management risk-cost profile and change in end-goals, owner managers can evolve from being success and paternalist to hedonism and subsistence. Similarly, transformation from hedonism and subsistence to success and paternalism is also possible: Even Combs et al., (2018) observes, family cultures do change. Therefore, hedonist and subsistence family ethos, which normally leads to recruitment of mostly family members can change into success and paternalist, thereby recruiting more professional non-family employees in search for success. I also cast new insight in that SME owner managers can discharge 'hedonism and subsistence' for one business and 'success and paternalism' in another business. This is based on the transitioning of factors that underpins choosing 'hedonism and subsistence' versus 'success and paternalism'. Simply put, 'hedonism and subsistence' as well as 'success and paternalism' are not permanent states, for instance, a change in people management risk-cost propensity or end-goal can shift the owner manager's inclination towards recruiting employees.

#### ***7.6.2 Employment Contract And Deployment***

My theory reveals that more elaborate and formal employment agreements are written the more the SME owner manager embraces recruitment of employees and has more resources, to sustain them; hence illuminating the transaction cost theory, (Wu et al., 2014; Jones and Saundry, 2012; Jackson and Schuler, 1995). Given resource poverty, several of my SME owner managers opt to avoid employment law mandatory employment package such as job security, salary, leave, pension, performance bonuses, holiday, sick leave, training, discipline and grievance handling, termination among several others, (ACAS, 2019; Russell, 2006). Instead, they prefer contractors who have very limited rights.

Importantly, I shed light on how the employment contract and deployment practices varies in relation to the owner managers preferred people management approach. Consequently, Lifestyle and Outsource and Collaborate owner managers mostly make use of very simple informal work agreements, represented by even a basic order or invoice. More standard formal employment agreements are witnessed under the Employee Core Team, Collective Endeavour, Social Responsibility, Spiritual Legacy and the Family Legacy typologies.

Inevitably, such employment contracts and deployment practices are underpinned by a range of factors (Table 6.4, page 229) which also influence the kind of people management typologies my SME owner managers mostly prefer. Therefore, employment contract issues such as staff loans, club membership, gym membership, including the issuance of a staff handbook differ from one SME owner manager to another. My theory also illuminates absorption capacity (Phelps et al., 2007) by showing how my SME owner managers firstly strive to exploit historic knowledge about drafting an employment contract, which they gained years back from some recruitment experts and use such knowledge to modify and craft today's employment contracts.

### ***7.6.3 Work Ethos and Relations***

In structuring work ethos and relations, my SME owner managers are mostly driven by how they deem people (employees, workers, contractors) crucial in the attainment of their end-goals, their propensity for control as well as their degree of formality tolerance, (Table 6.4, page 229). Most SME owner managers seek to foster win-win employment relations building closer personal ties, via mostly informal people management practices and being always in control of their destiny. This approach to work ethos and relations is well supported by Child's, (1997) Strategic Choice theory (illuminating influential role of end-goals) and by Hambrick, (2007), Upper Echelons theory (highlighting influential role of control). The Resource Dependency theory (Harney and Dundon, 2006) explains how my SME owner managers address the power politics while the Social Exchange theory (Lai et al., 2017) illuminates the win-win inclination. As noted by Guest, (2017), effective mutuality mostly occurs when there is a match between the employers' demand for competent labour and the provision of conducive work ethos and relations. Consequently, employee recruiting SME owner managers tended to strive to offer job security and treat employees fairly to get their employee's commitment. Conversely, non-employee recruiting SME owner managers strove to ensure prevalence of some satisfaction or some belief that both parties' needs (employer and contractors) have been adequately addressed.

Extant knowledge also explains win-win work ethos and relations in terms of unitarist and pluralist management ideologies. Unitarism deems prevalence of shared

objectives amongst employer and employee hence win-win exchange of mutual benefits, almost comes naturally, (Guest, 2017; Arrowsmith and Parker, 2013; Gilman et al., 2002). Pluralism deems employers and employees have diverse objectives, hence need to carefully exploit various people management practices to ensure this win-win social exchange, (ibid). My theory demonstrates that most of my SME owner managers are sceptic of the pluralist ideology, hence, even as noted by Guest, (2017), Lai et al., (2017), Dundon and Wilkinson, (2009) they prefer fostering win-win through informal people management practices underpinned by the unitarist ideology. Preference for unitarism and informality is also explained in terms of the owner managers' desire for teamwork, versatility and agility to cost-effectively adapt to the complex, dynamic, unpredictable open systems macroenvironment, (Torre and Solari, 2013).

I also demonstrated that the SME owner managers' end-goals influence win-win work ethos and relations. Therefore, dominant survival end-goals coupled with very negative attitude towards working with other people mostly leads to the 'lone wolf' situation of working alone, which mirrors the Lifestyle people management typology. Survival end-goals with some moderate willingness to work with other people leads to work ethos and relations for Outsource and Collaborate owner managers, who establish a win-win with contractors. Win-win work ethos and relations for the Collective Endeavour, Social Responsibility and Spirituality Legacy owner managers is mostly driven by dominant wealth end-goals in which attitude towards employees is mostly positive. Owner managers under the Employee Core Team mostly have a variation of win-win situations under the Collective Endeavour and the Outsource and Collaborate, given they recruit both employees and contractors. As for Family Legacy owner managers the work ethos and relations are mostly biased towards family member employees, much in concurrence with extant knowledge, (Combs et al., 2018). Similarly, Social Responsibility and Spirituality Legacy owner managers tend to favour their preferred adopted people groups for whom they strive to render the 'difference making' social and or economic benefit.



#### **7.6.4 Performance Management**

I provide fresh evidence that enactment of formal performance management practices in SMEs mostly vacillates from self-appraisals, mutual appraisals to robust collective appraisals. Influencing this vacillation are a range of factors, see Table 6.4, page 229. In general, the level of desire for success and type of labour are influenced by the end-goals while the degree of formality, spirituality, and family relation influences the degree of closeness of employee relations. When SME owner managers enact performance management practices, the rationale is to enhance performance through rewards, hence the inevitability of assessing performance before rewarding it. Notably, even after adopting some formality, these owner managers frequently revert to informality. Turning to extant knowledge, Kitching, (2007) observes variation of performance standards in SMEs based on owner manager's risk tolerance and desire for control. This, once again, attests the role of the strategic choice theory (Child, 1997) and the upper echelons theory (Hambrick, 2007); hence, undoubtedly it is up to the owner manager to design work tasks and how to appraise them. Guest, (2017) and Kitching, (2007) affirms enhancement of positive attitudes critical for expected performance due to the linking of performance to rewards. Similarly, strict supervision by some owner managers demanding 'going the extra mile' is well researched, (Debrah and Mmieh, 2009). The transaction cost theory (Wu et al., 2014; Jones and Saundry, 2012; Jackson and Schuler, 1995) explains why costly performance management is rarely adopted. My SME owner managers tend to believe that through fostering win-win employee relations (i.e. underpinned by the social exchange theory) they will achieve the same if not better results than they would obtain via formal performance management practices.

Given the above, I bring an added understanding to the effect that where end-goals are mostly survival, recruitment is nil or lower and performance management is very basic: self-appraisal for Lifestyle and mutual appraisal for Outsource and Collaborate when it involves Type 1 contractors. This mutual appraisal is a frank performance chat between these two parties as they mutually agree on the way forward. However, when this involves Type 2 contractors, who are less independent in terms of having their own SME brand, the appraisal mimics the approach used under the Collective Endeavour people management typology. This Collective Endeavour performance management

approach, which is also imitated under both the Social Responsibility and Spiritual Legacy typologies involves more elaborate formal best practice performance management. Rigor for this collective endeavour appraisal varies based on the above-mentioned factors and it appears it gets more formal as from 15 employees onwards. However, the drawback is that formality is not permanent or absolute as reverting to informality is also very high. This versatility and vacillation from informal to formal is also reported by Marlow et al., (2010) while Chin-Ju, (2010) observes the infrequent administration of the appraisal.

#### ***7.6.5 Training And Development***

My substantive theory reinforces our understanding by showing that training and development in SMEs varies from nil to mostly regulatory mandatory programmes, see Table 6.4, page 229 for the driving factors. Most of the training and development is internal on the job training and in exceptional cases, this goes slightly beyond regulation compliancy. In general, SME owner managers who are highly educated and or with higher preference for formality tend to embrace more best practice training and development. Further, I also illustrate how in some cases, my SME owner managers have embraced training and development just to exploit an identified market opportunity or to enhance their brand image. However, they also tend to slumber once accreditation or desired brand image is attained. Training and development naturally are costly; hence, the more resources SME owner managers have, the more they can consider formal training and development, provided they value the investment outcomes of such programmes, (e.g. productivity, profitability, competitive sustainability). That it is very difficult to quantify such a positive return as well as to guarantee it, mostly precludes SME owner managers from enacting formal training and development practices.

My above findings are in sync with (Kitching, 2007; Kotey and Folker, 2007) who observes the same on the job training and that it is more prevalent as employee size increases. Similarly, that most training in SMEs is induced by the employment law, Investor in People or some trade industry body is well researched, (Atkinson et al., 2017; Marlow et al., 2010; Chin-Ju, 2010). Owing to the high cost of training as well as the fear of losing this investment through staff turnover, SME owner managers tend to

refrain from investing in training and development. All this is illuminated by the transaction cost theory, (Wu et al., 2014; Jones and Saundry, 2012).

Given the above, Lifestyle and Outsource and Collaborate owner managers are the least in providing training and development, for in line with their end-goals, this is quite costly and ranks very low. Conversely, the inevitability of training and development is more pronounced for Collective Endeavour, Social Responsibility and Spiritual Legacy considering they all recruit several employees. Instead, of robust training and development, inclusive of external formal programmes, SMEs, even as Atkinson et al., (2016) also comments, mostly focus on the fit between their values and that of the employees. The rationale is to nurture greater chances for higher loyalty, lesser conflict and ultimately lead to improved performance via increased motivation. However, the drawback is that increased motivation cannot substitute possession of critical skills, hence, without such skills, performance suffers a 'stillbirth'.

#### ***7.6.6 Rewards And Compensation***

My theory illustrates diverse rewards and compensation practices ranging from basic agreed fee as in the case of Lifestyle and the Outsource and Collaborate to moderate and comprehensive package under the Family Legacy, Employee Core Team, Collective Endeavour, Social Responsibility, and Spirituality Legacy typologies. The underlying factors are in Table 6.4, page 229. In general, my SME owner managers tend not to pay beyond market rates unless if it is a critical skill, they deem is vital to their end-goals. Where they have high affinity with family and friends, these tend to have higher rewards than other employees. Loyalty also tend to make such employees get better compensated than others. This observation is well researched, for instance, Firfiray et al., (2018) and Combs et al., (2018) all report such nepotism in family firms. Marlow et al., (2010) makes a similar observation, where a personal assistant is upgraded straight to become Head of People Management. I observed this exact 'loyalty driven promotion' too: Leticia was promoted from personal assistant straight to Head People Management.

Given the above, the transaction cost theory (Wu et al., 2014; Jones and Saundry, 2012; Jackson and Schuler, 1995) explains the risk-cost factor considering SMEs are

predominantly resource poor (Nolan and Garavan, 2016; Jaouen and Lasch, et al., 2015). Further, Chin-Ju, (2010) as well as Debrah and Mmieh, (2009) show how SME owner managers frequently use financial and non-financial gifts to buy employee's loyalty, which I also observe.

#### ***7.6.7 Employee Wellbeing***

I demonstrate that wellbeing practices are extremely limited in SMEs and these tend to vary based on some range of factors, see Table 6.4, page 229. In general, employee wellbeing is mostly compromised when SME owner managers have very low risk-cost propensity, think that commitment and hardworking implies overworking, are strong unitarists, and there is less need for compliancy with the employment law. Risk-cost and unitarist factors are illuminated by Guest, (2017) who stress that owing to both resource and ideological poverty (i.e. deficient in pluralistic thinking) SME owner managers tend to be driven by the motto that employees are a means to an end. Consequently, the rationale, which is what most large enterprises through their high-performance work systems mostly do (Lai et al., 2017; Latorre et al., 2016; Rauch and Hatak, 2016), is to always think performance and not necessarily comprehensive employee wellbeing, (Guest, 2017).

Similarly, extant knowledge show that most SMEs, hope that through their social exchange-driven close employee relationships, (Lai et al., 2017; Guest, 2017), they can cost-effectively still achieve desired performance they would have attained via implementing costly employee wellbeing practices. This indeed is what I also observe. Further, just as Guest, (2017) observes prevalence of mostly employment law mandatory occupational health safety, so do I.

#### ***7.6.8 Grievances And Discipline***

My substantive theory enlightens our understanding by showing that grievance and disciplinary people management practices varies from being just basic to comprehensive rules and procedures, see Table 6.4, page 229 for the underlying driving factors. In general, zero employee SME owner managers (e.g. Lifestyle, Outsource and Collaborate Typologies) have low risk-cost propensity, no people manager, are highly informal and don't have elaborate grievance and discipline people

management practices, apart from just frank talk and or cessation. In cases that warrant, they sue each other, but this is rare given their low risk-cost propensity. This low risk-cost propensity is best explained by the transaction cost theory (Wu et al., 2014; Jones and Saundry, 2012).

Where employee size increases, compliancy with employment law is higher, and experience in grievance and disciplinary issues is greater, then SME owner managers tend to discharge more sound grievance and discipline people management practices, for example, use of staff handbooks and code of conduct. My theory also demonstrates that SME owner managers tend to prefer addressing grievance and discipline issues informally, only resorting to formal people management practices when it becomes very critical. A key drawback is their strong reluctance to recruit a people manager, which is driven by their high appetite for control and low employees' risk-cost propensity. Some of the owner managers even ignore or delay inquiring and or implementing professional people management advice they get from their recruitment agents, even after paying for the services. In this regard, my findings resonate with Atkinson et al., (2016) who observes how SME owner managers mostly adopt formal practices to comply with the employment law. Further, the practice of delaying addressing grievance and disciplinary issues until when it becomes a crisis is also attested by Tocher and Rutherford, (2009) in what they term the acute problems perspective of only identifying issues as authentic human relations issues when they hit the crisis level.

I also show how being driven by the need to develop employee loyalty my SME owner managers foster very close employee relations, which in turn becomes the albatross that precludes them to effectively address grievance and disciplinary issues.

### **7.7 Transforming The Preferred Approach And Activities To Manage People.**

Through the People Management Transitioning Framework, my theory enlightens us with new knowledge about how SME owner managers continuously evolve their people management approaches as they adapt to the complex and dynamic open systems macroenvironment. The range of factors driving this transitioning are in Table 6.4, pages 229-231. In general, my SME owner managers have a high proclivity to transition their people management approach in response to changes in their GIVMo Matrix,

market environment, employee relations and their inherent people management knowledge. These changes advocates for the reconceptualization of people management, reconfiguration of people management typologies and realignment of these approaches to the new or reconfigured end-goals and self-identities.

Further, as SME owner managers enact people management, they simultaneously learn from this experience. Consequently, an adverse 'employee relations' experience tends to preclude engagement of employees and or reduce the staffing levels; hence, transitioning from one people management typology to another. Conversely, a positive 'employee relations' experience also tends to transition people management in a more employee recruiting typology. However, given the superiority of end-goals, the impact of employee experience is stronger where it is underpinned by the set end-goals. As for the market environment, its dynamism, actual or perceived tend to trigger alarm to become extra cautious and the preference of informality over formality: to enhance agility and versatility in strategic market response.

The above evidence is quite enlightening, considering there are not many studies that explicate how SME owner managers transition their people management. Specifically, this is still a developing stream of research, (Mayson and Barrett, 2017; Atkinson et al., 2016; Marlow et al., 2010). Indeed, transitioning of people management approach is inevitable given extant knowledge that entrepreneurs confront numerous market environment constraints, (Gilman et al., 2015; Marlow et al., 2010; Newbert, 2005) inclusive of people management tipping points, (Phelps et al., 2007).

A few studies that illuminate this transitioning of people management include CIPD's (2014) research which demonstrates that HRM practices are a function of size as the entrepreneur directs their ventures through these phases: Entrepreneurial Edge, Emerging Enterprise, Consolidating Enterprise and Established organization. The entrepreneurial edge characterizes strong informality as the entrepreneur solely directs all activities in contingency fashion, (CIPD, 2014). Under the emerging enterprise the entrepreneur now manages the venture with a few identified loyal employees and the need for a management team when employee size goes around 10-19 becomes inevitable. Coming to the consolidating enterprise, the owner manager has since

delegated several responsibilities to their line managers and formal people management is now showing and increasing. In the last phase, the established organization, the organizational structure is now better formalized, with functional teams and their respective leaders. Job roles and HRM now clearer and the entrepreneur mostly preoccupied with the sustainable long-term view of the business, (ibid).

My theory, just as CIPD, (2014) do, also observes this role of employee size, but it goes further to attest that people management transitioning is not just employee size dependent, albeit, very much influenced by numerous contextual factors, which I have articulated in Table 6.4, pages 229-231. Further, I demonstrate that this transitioning also takes place within the continuum of entrepreneurial learning, which encompasses Experiential, Action, Routine, Imitation, Trial and Error, Critical Incident, Emotional, Social, Contextual and Reflection, (Pittaway et al., 2015; Wang and Chugh, 2014, Cope,2005).

Another exemplar study which affirms the influence of entrepreneurial learning on the transformation of business processes including people management is provided by Rae, (2005). He posits that entrepreneurs' entrepreneurial journey and entrepreneurial learning commences with personal and social emergence followed by contextual learning and lastly the negotiated enterprise episode.

Under personal and social emergence episode, Rae illuminates how the entrepreneur draws on family, community, education and other social institutions to shape their self-identity. This is exactly what I attest when I talk about the life stages and various knowledge source domains. The contextual learning phase entails how these prospective entrepreneurs learn within their situated context: communities, networks, and industries, thus gaining awareness and knowledge about how to relate and work with other people. Similarly, I postulate about all these life stages and the inherent entrepreneurial learning. In the negotiated enterprise episode, Rae observes how the strategic form and future of the business is a result of the entrepreneur's continuous negotiation as they interact within their external networks, transforming and adapting to the dynamic macroenvironment. Notably, my substantive theory posits the same.

Further, numerous scholars also affirm that venture start-up and growth is a negotiated undertaking in which transitioning is inevitable, (Gilman et al., 2015; Torre and Solari, 2013; Phelps et al., 2007; Harney and Dundon, 2006; Politis, 2005).

Importantly, while Rae's (2005) entrepreneurial learning model is what it is, mine is a hybrid contextualized model that brings entrepreneurial learning and HRM together, consequently leading to establishment of seven people management typologies (e.g. Lifestyle, Collective Endeavour). Specifically, I provide fresh evidence to the effect that when a new end-goal that deems employees are critical, then preference for any of the people management typologies that deal with employees mostly occurs. This is followed by the acquisition of new people management knowledge via coaching or mentorship or formal education to prepare to manage such employees. Ultimately, this new end-goal leads to change in the current people management typology, thus becoming more pro-employee. Further, previous sour employee relations mostly influence a shift from 'employee recruiting' people management typologies (e.g. Collective Endeavour) to non-employee recruiting people management typologies (e.g. Outsource and Collaborate). This influence is stronger when supported by the end-goals. Further my theory illustrates that it is due to a regime of underlying factors (Table 6.4, pages 229-231) that SME owner managers manage people in the manner they do; hence, casting new insights into our understanding.

Further, my substantive theory provides a contrasting perspective that deepens our people management understanding when it is read together with extant knowledge which I discussed in my primary literature review, Chapter 2.1. In this regard, of the three normative HRM perspectives (Lai et al., 2017; Latorre et al., 2016; Nolan and Garavan, 2016; Rauch and Hatak, 2016) universalist, contingency and configuration, it is mostly the contingency model that reflects some semblance of the contextual diversity, versatility and agility in managing people. However, its set of practices, which are entirely deterministic do not resemble those of my SME owner managers, given they mostly shy away from formal best practices. In addition, my substantive theory gives more credence to the informality-formality blend discourse (Mayson and Barrett, 2017; Marlow et al., 2010) and provides fresh evidence about the range of factors (Table 6.4, page 231) that influence this blend.



The complexity of the HRM concept, (Tubey et al., 2015; Marlow, 2006; Marciano, 1995) (see Chapter 2.1) is well choreographed throughout my theory. For this reason, I have established seven typologies that mirror the disparate people management approaches in SMEs. In addition, the footprints of entrepreneurial learning are well carved throughout my theory, for indeed, my SME owner managers underpin on what they learn via experience, action, routine, critical incident, imitation, trial and error, social, context and reflection (Pittaway et al., 2015; Wang and Chugh, 2014; Cope, 2005) to know how to manage people. Indeed, as Cope, (2005) observes, SME owner managers do not just learn about the venture, the market but also about themselves. Further, their entrepreneurship trajectories serve as an invaluable crucible for knowledge generation and acquisition whose utilization leads to transformative behaviour (Austin, 2015; Pittaway et al., 2015; Wang and Chugh, 2014; Jones et al., 2010) including transforming people management typologies.

Importantly, my theory demonstrates that end-goals, like the suspension steel structure of a suspension bridge, over arches this people management and entrepreneurial learning frontiers, thus establishing a goal directed nexus. It is mostly their aspired self-identities, whose proxies are the end-goals that dominantly influence the conceptualization, enactment and transitioning of people management than experience in employment relations. This superiority of end-goals over experience, which my theory illustrates, has much support in literature, thus:

*“our finding that ex ante reasons for starting a business influence ex post labour and capital allocations in a meaningful way suggests that goals need to be included more frequently in theoretical and empirical analyses of entrepreneurship”, (Dunkelberg et al., 2013:13).*

The implication from the above is that goals are an independent variable that influences how entrepreneurs address the question of people management, for instance, what people (i.e. skills) to recruit, how many and how to competitively remunerate and retain them. Further, reinforcing the vital role of goals, Dunkelberg and colleagues stress:

*“There is not much empirical evidence about the role that goals play in entrepreneurial behaviour”, (Dunkelberg et al., 2013:13).*

In their significant observation, Dunkelberg et al., (2013) conclude that entrepreneurs driven by non-financial goals allocate resources quite differently from those motivated mostly by financial goals, for example, providing own labour most of the times as well as hiring their families more than they do outsiders. Conversely, entrepreneurs motivated by profit and wealth creation strive to engage more non-family members with skills crucial for growth in terms of both capital and employee size, (ibid). All these findings are well mirrored in my theory. Further, Dunkelberg and colleagues observe that SME owner manager goals are vital in influencing resource allocation in firms including hiring. Therefore, it is logical that this goal-influence extends to managing labour, which my theory establishes.

Further attesting some of the underlying factors influencing people management in SMEs, which my theory establishes, is Woodhams and Lupton, (2006) who observes the influence of professional managerial employees. In this case, they illustrate how recruitment of a professional HRM manager leads to an uptake of formal HRM practices. However, they caution that this does not necessarily translate to implementation, given owner manager’s control and the informality preference, which is a caveat that my theory also makes. Bacon and Hoque, (2005) also observe the influence of ‘type of labour’ when they conclude that uptake of formal HRM increases where skilled employees are engaged. In addition, they attest the impact of networking, which they also stress enhances uptake of formal HRM. Going a step further, Wu et al., (2014) specifies that uptake of higher performance systems occurs where the owner manager actively networks with external organizations (e.g. Investors in People) that value best practices and where skilled employees are engaged. In addition, they stress that such uptake in SMEs will not occur in the case of an HRM professional manager being engaged. Importantly, this finding upholds the underlying factor of membership in a social network that values best practice as well as the ‘type of labour’ recruited, all of which my theory establishes.

The influence of actual and perceived market dynamism is affirmed by Newbert, (2005) who observe that from new venture start-up throughout venture growth is an entrepreneurship trajectory through which SME owner managers exercise their dynamic capabilities as they strive to continuously adapt to the complex and dynamic open systems macroenvironment. Further, how employee size tends to influence more structure and people management formality is well researched, (Fang et al., 2016; Marlow et al., 2010; Kotey and Slade, 2005). Similarly, closeness of employee relations is articulated by Lai et al., (2017) and Latorre et al., (2016) who observe how such closeness precludes uptake of formal HRM practices. Values, motivation, preferences are all, as constituent elements of strategic choice, illuminated by Nolan and Garavan, (2016:16) who even ask: *“To what extent are HRD practices in SMEs a reflection of the owner-manager?”*.

Curtaining down this chapter, given the entire evidence my substantive theory provides, and from the point of view of my SME owner managers, I deem people management to entail:

Ascertaining who you are, how you want to be understood, and attracting likeminded people to associate, collaborate and work with for the common good of both parties, while adapting accordingly and making sure this association best advances your end-goals.

## **7.8 Summary**

I have engaged my substantive theory with extant knowledge clearly showing how in several instances it affirms literature, for example, the influence of resource poverty, employee size and informality on the kind of people management approach enacted. Beyond affirming what we already know, my substantive theory casts new insights such as shedding light on how SME owner managers develop their unique understanding about people management, enact this understanding through seven characteristic people management typologies, and ultimately transition their people management. Following next is my conclusion.

## CHAPTER 8

### CONCLUSION

#### 8.0 Introduction

In this chapter I will succinctly recap how I have fulfilled my research objectives and then commit greater space to articulating my contributions to knowledge. I also articulate the credibility of my study, proffer an agenda for future research and conclude with a personal reflection. In general, my study demonstrates that by examining the SME owner managers' perspectives we get a deeper understanding of what SME owner managers think about people management and why. We also comprehend more about how they leverage on entrepreneurial learning to foster these views and subsequently manage people in the manner they do. In addition, we get in-depth understanding of how entrepreneurial learning continues to be the fountain for knowledge acquisition, generation and utilization and how this entrepreneurial learning further spurs the transitioning of SME owner managers' people management approaches.

#### 8.1 Research Problem And Fulfillment of Research Objectives

My study was motivated by the need to address the relative dearth of knowledge about how SME owner managers manage people in the manner that they do. This paucity is exacerbated by the historic scholarly circumvention of SMEs from mainline HRM research as well as the abundance of positivist nomothetic knowledge, (Lai et al., 2017; Nolan and Garavan, 2016). Therefore, to get deeper understanding about people management from the point of view of the SME owner managers I undertook an interpretivist study, underpinned by an adapted constructivism grounded theory research strategy, (Charmaz, 2006). Through this methodology and exploring the people management lived experiences of 29 SME owner managers and one Minister of Religion, I generated idiographic knowledge that enlightens our understanding about the nuanced people management practices in SMEs. I have fulfilled my first research objective by showing that SME owner managers have both shared and disparate people management views. I have also developed the People Management Challenge Framework that illuminates how SME owner managers find it challenging to manage

people, (page 216). To address my second research objective, I demonstrated through the Life Stage Conceptual Framework (page 221) that SME owner managers firstly generate multiple people management meanings, blend it into their idiosyncratic people management understanding, which then informs how they manage people. In fulfilling my third research objective, I theorized through multiple data interpretations (pages 77-190) and incorporation of extant knowledge (pages 193-210) ultimately developing my substantive theory.

To address my fourth research objective, I developed the entrepreneurial Learning - End Goal Theory (page 231), in which I explicate how SME owner managers enact diverse people management approaches, for which I have established seven people management typologies. I also developed the People Management Transitioning Framework (page 245) through which I demonstrate how SME owner managers transition their people management approaches as they adapt to the complex and dynamic open systems macron-environment. As I proceed, I will now fulfill my fifth research objective of ascertaining the role of entrepreneurial learning in people management in SMEs.

## **8.2 Contribution To Knowledge**

### **8.2.1 Role Of Entrepreneurial Learning In People Management In SMEs**

Apart from scholarly calls to investigate the “*cross-roads of entrepreneurship and HRM*” (Katz et al., 2000:1) this cross fertilization of both HRM and entrepreneurship “*have been [largely] overlooked*” (Gilman and Raby, 2008:11). By drawing upon the levers of entrepreneurial learning and the pedals of HRM my study arguably becomes the first to explore this cross pollination and uniquely explicate people management in SMEs. Historically, we have mostly understood entrepreneurial learning in terms of post market opportunity exploitation, acquiring and utilizing knowledge to grow the venture and exploit other market opportunities, (Pittaway et al., 2015; Casson and Casson, 2014; Cope, 2005). However, my study enlightens our understanding about the crucial role of entrepreneurial learning during entrepreneurial motivation and the setting of end-goals, (Mahto and McDowell, 2018; Karatas-Ozkan, 2011). Specifically, I show that through entrepreneurial learning, SME owner managers process their inherent diverse knowledge assets into novel entrepreneurial knowledge fit for use in entrepreneurship.

Further, this entrepreneurial learning drives the SME owner managers' current and future acquisition, generation and utilization of additional knowledge assets to get to know how to run the business including managing people.

My study also provides evidence about how through the individual entrepreneurial learning dimension, SME owner managers tend to resort to exploring and leading to trial and error learning, often through planning and exploiting existing knowledge to critically analyze and take advantage of opportunities. Further, I demonstrate how through their social networks SME owner managers also learn, thus illuminating the collective entrepreneurial learning dimension, (Wang and Chugh, 2014). Through this evidence I demonstrate how Wang and Chugh's (2014) entrepreneurial learning dimensions: Individual-Collective; Exploratory-Exploitative; Intuitive-Sensemaking do apply to managing people. In addition, I demonstrated how through various entrepreneurial learning types namely: experience, action, routine, critical incidents, imitation, trial and error, emotional, social, reflection, and context, SME owner managers keep acquiring, generating and utilizing knowledge to manage people, (Pittaway et al., 2015; Karatas-Ozkan, 2011; Wang and Chugh, 2014; Cope, 2005).

I also attested that of these types, experiential learning is the leading hub for people management knowledge acquisition and generation. However, when it comes to directing the selection and enactment of an approach to manage people, end-goals supersede experiential learning influence. In general, positive experiences mostly result in reinforcement of the same people management practices and the reverse applies. My study provides several examples of how through action, trial and error as well as imitation the SME owner managers learn pragmatically while social learning allows them to recount and imitate what they observe others doing.

Further, I affirmed how critical incidents enabled the SME owner managers to learn from their rare turning point situations underpinned by significant commissions and or omissions such as being fined for breaching the employment law. In addition, my thesis also shows how in doing entrepreneurship, SME owner managers traverses an emotional journey in which they learn emotionally and contextually. In addition, I demonstrate that whenever SME owner managers reflect on their entrepreneurship

journey they learn reflectively as they complete Kolb's learning loops, (Pittaway et al., 2015). Overall, I show that drawing on all the entrepreneurial learning types, SME owner managers end up carving out some people management practices into the 'what works for me' practices, hence enacting them repeatedly, while discarding others. As they continuously adapt to the complex and dynamic open systems macro-environment (Torre and Solari, 2013) the SME owner managers also keep transitioning these 'what works' practices.

Importantly, my thesis casts new insight into how SME owner managers do not just become people managers simply because they are entrepreneurs or because of their past learning. Instead, I demonstrate that it is largely the SME owner managers' end-goals, herein proxies of their aspired self-identities that shape their choices of people management and how they enact it. This is a significant contribution to knowledge given that entrepreneurial learning research (Pittaway et al., 2015; Cope, 2005) has tended to prioritize experiential learning as well as attainment of economic goals such as profit and growth while ignoring personal values and complex human relationships in managing people. Further, I illustrate that SME owner managers are also always learning about themselves. Consequently, they do not always address people issues in the same way; hence their people management approach is always evolving. This is very much in line with extant knowledge's findings that entrepreneurs are always adapting as they navigate their markets, confronting numerous tipping points, (Pittaway et al., 2015; Gilman et al., 2015; Casson and Casson, 2014; Karatas-Ozkan, 2011; Jones et al., 2010; Phelps et al., 2007; Harrison and Leitch, 2005; Thurik and Wennekers, 2004).

Just as Aldrich and Young, (2014) ask: 'How do entrepreneurs get to know what to do?', we can ask the same question in respect of people management. My substantive theory responds to this question by enlightening us that it is indeed through entrepreneurial learning that SME owner managers can acquire, generate, process, store, access and utilize diverse people management knowledge to get to know how to manage people. I also provided a new definition for entrepreneurial learning (page 253) to illuminate these new insights. Therefore, I have addressed my fifth research

objective, that is, showing how entrepreneurial learning plays a vital role in people management in SMEs.

### **8.2.2 Contribution To HRM Knowledge**

#### ***Understanding SME Owner Managers' People Management Perspectives***

My thesis provides fresh evidence that SME owner managers have both common and disparate people management views. Common views tend to lead to the institutional theory (Chin-Ju, 2010) and community of practice (Wenger et al., 2012) effect in which SME owner managers imitate people management practices they observe their colleagues doing. This is entrepreneurial social learning, (Pittaway et al., 2015) and it is also enhanced in cases where the SME owner managers have higher education: higher education being a 'community of practice' that has some common understanding about what people management entails, (Pyrko et al., 2019; Wenger et al., 2012). Importantly, this evidence dispels the notion that very often arises from reading extant knowledge to the effect that SME owner managers are not aware of or know very little about what people management entails; hence, the traditional perspective that they struggle doing people management, (ERC, 2019; World Bank, 2018; House of Commons, 2019; Lai et al., 2017; GMCA, 2017b; Nolan and Garavan et al., 2016; FSB, 2016; CIPD, 2015; Jaouen and Lasch, 2015; Basco, 2014; UKCES, 2013; Georgiadis and Pitelis, 2012; Teo et al., 2011; Torcher and Rutherford, 2009; Duberley and Walley, 1995; Milbourn, 1980; McMurry, 1973). Through my study, I demonstrate that some of the SME owner managers go beyond just being aware by possessing some 'best practice' people management knowledge. This is mostly the case with those owner managers who have a stronger career background in people management and or are highly educated and or have a greater career experience in large enterprises, especially at managerial level. I also illustrate that it is not everything that these SME owner managers imitate but those practices that best advances their desired end-goals. Importantly, my thesis shows that being aware and or experienced and or knowledgeable about people management does not necessarily translate to enacting such people management. Crucially, compatibility of people management with set end-goals is the trigger that sets in motion enactment of such people management.



Further, my study also demonstrates that beyond having common views SME owner managers have dominant disparate views about managing people. The roles of the strategic choice (Child, 1997) and the upper echelon theories (Hambrick, 2007) are quite evident, given disparity of views occurs mostly due to the SME owner managers' diverse personal backgrounds such as upbringing, education, career, preferences, goals, risk-cost propensity and self-identity. Importantly, disparate views are more underwritten by the SME owner manager's end-goals than shared views. Therefore, my study enriches our understanding by demonstrating that owing to predominant disparate SME owner manager people management views, there are different people management approaches in SMEs.

### ***Understanding The Challenges of People Management For SMEs***

My thesis demystifies the 'SMEs struggle with HRM' narrative, which extant knowledge historically articulates, (Nolan and Garavan et al., 2016; FSB, 2016; CIPD, 2015; Georgiadis and Pitelis, 2012; Duberley and Walley, 1995; Milbourn, 1980; McMurry, 1973). Through the People Management Challenge Framework (page 216), I go beyond explaining this 'struggle' in terms of the traditional causal factors of being small, resource poor, informality preference and being occupied with daily operations. Specifically, I demonstrate that through entrepreneurial learning (Pittaway et al., 2015; Cope, 2005) SME owner managers accumulate theoretical and practical experiential knowledge about people management. Consequently, drawing on their theoretical and experiential knowledge of what it is like to manage people these owner managers deem themselves competent, less or not competent to manage people. Subsequently, they discharge an attitude towards people management as well as developing their characteristic people management risk-cost propensity.

### ***Understanding The Conceptualization Of People Management In SMEs***

My study generates new knowledge about how SME owner managers attach meaning to employees and managing them, (Geilinger et al., 2016). Through the Life Stage Conceptual Framework (page 221), I illustrate how through diverse social construction realms, SME owner managers leverage on their entrepreneurial learning to generate their unique people management understanding which in turn informs how they manage people. Specifically, my study demonstrates the inevitable crucial role that the

SME owner managers' human agency plays in shaping, adopting and enacting people management across their complex and dynamic life stage-based entrepreneurship journey. Their ability to make independent decisions and choices whether rationale or irrational, formal or informal is fundamental in shaping the kind of people management they ultimately adopt and enact. Further, I provide a new understanding by establishing seven novel people management typologies that reflects how SME owner managers manage their people.

### ***Understanding Enactment Of People Management In SMEs***

Whereas our current normative HRM models (Lai et al., 2017; Latorre et al., 2016) do not fully capture the SME owner managers' background characteristics (Child, 1997 Hambrick and Masson's, 1984) my thesis provides fresh evidence about how end-goals are pivotal in directing people management in SMEs. Specifically, through my Entrepreneurial Learning End Goal Theory (page 232), I demonstrate how SME owner managers are mostly driven by their end-goals to prefer and enact some characteristic people management approach. Further, through the regime of key influential factors (Table 6.4, page 229-231) we deepen our understanding about the complex context in which SME owner managers enact people management. In addition, through the People Management Transitioning Framework (page 246), I illustrate how buoyed by their end-goals and dynamism in the macroenvironment, SME owner managers keep transitioning their approach to manage people, shifting from one people management typology into another. This contrasts sharply with the normative HRM perspectives that envisages the consistent application of the same set of HRM practices, (Lai et al., 2017). Further, whereas based on our extant knowledge (Mayson and Barrett, 2017; Atkinson et al., 2016; Marlow et al., 2010), we knew not much about the informality-formality blend of people management practices, my study enlightens our understanding by generating a portfolio of personal, venture and market related factors (Table 6.4, page 229-231) that influence this blend and the overall enactment of people management in SMEs.

My study also casts insights into the broad, open systems contextual environment in which SME owner managers enact people management. We are now more enlightened about the seeming crucial role of these mainline management theories: Open systems,

strategic choice, upper echelons, resource dependency, resource based, human capital, transaction cost, institutional, and social exchange. This study does not claim to have comprehensively established the applicability of all these mainline theories, for this was never its scope. However, my empirical evidence (Chapters 6-8) indicates the seeming relevance of these theories especially the open systems, transaction cost and the social exchange theories. Further, this broad context unveils the footprints of entrepreneurial learning, that is, how SME owner managers draw on what they learn via experience, action, routine, critical incident, imitation, trial and error, emotional, social, context and reflection (Pittaway et al., 2015; Cope, 2005) to get to know how to manage people. Specifically, my thesis unveils how within this dynamic context, SME owner managers make strategic choices about managing people, how they constantly reassess their self-identities and end-goals, how they learn about their businesses, the environment and about themselves, how they are influenced by a range of personal, market and venture operation factors, and ultimately how all this leads to an evolving people management approach. I have also provided a definition for people management from the point of view of the SME owner managers, (page 273). This indeed, is a significant contribution to our knowledge which contextualizes people management in SMEs.

Given all the above evidence, I make the following propositions which are basically a summary of my findings. They also provoke future research.

***Proposition One:***

SME owner managers leverage on entrepreneurial learning to firstly process their inherent knowledge, transforming it into novel entrepreneurial knowledge, fit for entrepreneurship. Thereafter, they continuously acquire, generate, process, store, access and utilize people management knowledge to manage people in adaptive fashion in response to the dynamic, complex, unpredictable, open systems macroenvironment.

***Proposition Two:***

SME owner managers enact people management within the constraints of a dynamic, complex, uncertain, risky open systems macroenvironment, preferring an informality-

formality blend which is underpinned by the constellation of myriad contextual forces categorized into personal, market and venture operation factors, (Table 7.4, page 228-230).

With the above in mind, I therefore, suggest as follows:

If we are to make sense of people management in SMEs we need to make the SME owner manager the foci of our scholarship without which we would have paucity of a deep understanding of how their views on managing people are formed, developed, interpreted, enacted and transitioned.

### **8.2.3 Contribution To Methodology**

My study blends Francis et al., (2010)'s 'batch interviews data generation and analysis' approach with Charmaz, (2006's) constructivism grounded theory leading to a novel adapted constructivism grounded theory. This adapted version is compatible with the contemporary 'middle ground version' of grounded theory (Dunne, 2011). Importantly, my adapted constructivism grounded theory provides researchers with both versatility and rigor in developing theory. Because of its compatibility with key positivist tenets of undertaking a literature review before data generation, researchers can comprehensively scope their research problem and carve out their niche for contribution to knowledge.

Further, researchers will avoid usage of a conceptual framework underpinned by extant knowledge or their own notions. Instead, they will inductively use a broad open-ended research question that avoids directly exploring the substantive area to generate initial data. Researchers will then use their interpretation of this initial empirical evidence to develop an empirical data laden sensitizing conceptual framework that would guide their data generation. This is of paramount significance given that by doing this, researchers will uphold the classical grounded theory tenet of avoiding polluting the development of the substantive theory, (Charmaz, 2006; Glaser, 1998; Glaser and Strauss, 1967). Further, the innovative data generation process allows researchers versatility as they can draw on purposive sampling instead of the classical theoretical sampling (Charmaz, 2006; Glaser, 1998) and in so doing be economic on time. Further,

by conducting individual in-depth interviews of who so ever is willing within a generally relaxed qualifying criteria enables researchers to generate abundant rich data which is vital for exploring multiple realities and robust theory development.

In addition, the creative preliminary sensemaking and data interpretation after every three interviews, interpretation of which feeds into the next batch of three interviews (Francis et al., 2010) on one hand affords the researcher to have an adapted theoretical sampling as they can follow through certain issues based on this preliminary data interpretation. While upholding the crucial iterative data generation and constant comparison of data-codes-categories-concepts-theories (Charmaz, 2006) researchers go deeper in their data interpretation by making sense firstly at case level (individual narrative), secondly at batch level (three transcripts) and at sample level (all transcripts), thus enhancing rigor. Further, during the data interpretation phase, my adaptive constructivist grounded theory provides researchers with an opportunity to flag areas (Dunne, 2011) that might potentially generate interesting discourse with extant knowledge albeit through reflexivity (Charmaz, 2006) they do not delve into details of this extant knowledge.

At the end, this adaptive constructivism grounded theory upholds yet another key grounded theory tenet of going back to the library and review extant knowledge concepts that the study will have traversed. Researchers use these concepts as more data (Charmaz, 2006; Glaser, 1998) for theorizing and the development of the substantive theory. In conclusion, the researcher has a vital opportunity to thoroughly engage their substantive theory with extant knowledge, there by granting their study that critical academic locus standi. Overall, this adapted constructivist grounded theory leads to the development of a robust, multiple realities and contextualized substantive theory. My study also makes a notable methodological contribution by providing fresh evidence that illuminates and reinforces the notion of theoretical sufficiency and what quantity of interview cases are adequate in developing theory. In this case, my thesis demonstrates that between nine and fifteen cases are enough.

#### **8.2.4 Contribution To Policy And Practice**

SME owner managers, policymakers and the private sector all can make use of the Entrepreneurial Learning End Goal Theory Framework and its subsidiary frameworks (pages 217, 221, 232, 246 and 248) to firstly understand the crucial role that end-goals among other personal background characteristics play in the forming and enactment of approaches to manage people. Based on this understanding, which inevitably is from the point of view of the SME owner managers, interventions to buttress people management in SMEs can then be accordingly crafted. This customization is critical given that traditionally, public and private sectors always prioritize employee size, capital base and turnover to inform their interventions on people management in SMEs, (DBEIS, 2019, House of Commons, 2019; GMCA, 2017a; UKCES,2014). While this has merit, the drawback is that when these strategies fail to resonate with the SME owner managers' GIVMo Matrix, then such strategies or policies gets constrained to yield the desired results. Notably, this customizing is an ongoing suggestion within academia, (Mayson and Barrett, 2017; Atkinson et al., 2017; Marlow et al., 2010), for which my study has provided some frameworks to utilize.

Specifically, the People Management Challenging Framework assists in the ascertainment of which factors are most likely impacting against SME owner managers to have a positive feeling about managing people. The Life Stage Conceptual Framework provides practical solutions to establish factors behind the underlying meanings that SME owner managers have about managing people. Targeting interventions to address what people management entails to SME owner managers means customizing around what the SME owner managers value most. To do this, there is need to establish the driving factors behind these meanings, which is what this framework does. The Entrepreneurial Learning End Goal Theory and the People Management Transitioning Framework both provides a processual view of what is going on about managing people, where, when, how and why. Consequently, interventions can be tailormade in respect of the process and stage of people management enactment and the underlying factors involved. Table 6.4, page 229-231 will be helpful to guide what key influential factors are at play.

Overall, my study addresses the disconnection between the SMEs versus Government, academia and practice in respect of doing business and managing people. Specifically, it suggests that offering people management support better tailored to the realities and experiences of SME owners could lead to job creation and or better-quality jobs in small businesses. I have annexed a prototype of an intervention framework in Appendix P, page 336 that exploits the solutions that my study provides.

### **8.3 How Credible Is My Substantive Theory?**

Indeed, as Charmaz, (2006) notes, credibility of any academic inquiry is attained within the contours of ontological and epistemological reasoning. In this regard, my substantive theory is an exploratory explication which hinges on interpretivism and social constructionism. In the footsteps of other SMEs scholars, for whom context is pivotal, (Mayson and Barrett, 2017; Gilman et al., 2015; Marson et al., 2010) I teamed up with 30 participants to co-create data through our interview discussions, which I then interpreted. Therefore, upon leveraging on the concepts of framing (Goffman, 1974), embeddedness and sensemaking (Mayson and Barrett, 2017; De Jaegher and Paolo, 2007; Weick et al., 2005) our co-creation resulted in this contextualized, multiple realities substantive theory: The Entrepreneurial Learning-End Goal Theory for People Management in SMEs. This theory, which is not a grand or formal theory, explicates from the point of view of SME owner managers how and why they manage people in the manner they do.

Specifically, my theory unravels the myriad patterns and numerous cross relationships inherent in how these SME owner managers manage people. Further, I presented my substantive theory in both narrative form as well as graphical form (frameworks), thus showing my adapted methodology in which both positivist (frameworks) and constructivist (narrative) forms of portraying theory are well represented. In all cases, my substantive theory illuminated numerous 'steps' or 'phases', in which people management is enacted. At face value, these steps may suggest a logical hierarchical and rational reasoning albeit this is not the case, for people management in SMEs is devoid of this linearity albeit quite sophisticated. Notably, I have used these frameworks to enhance our understanding of the complex interconnected relationships in people management in SMEs.

Further, given grounded theory is neither exclusively positivist nor interpretivist, although any one of these can be the dominant inclination, (Charmaz, 2006), my usage of integrated frameworks (Strauss and Corbin, 1998), identifying concepts and their relationships, explicating these relationships and attempting to predict (Glasser, 1998) not through robust hypotheses but via nuanced interpretation (Charmaz, 2006) all attest how I have adapted constructivism grounded theory both positivist and constructivist tenets. Specifically, positivist is in respect of the timing of literature review (i.e. having some of it before data generation) and presentation of theory via graphical frameworks, otherwise, interpretivism and social constructionism were my dominant ontology and epistemology. Therefore, both the rationality and irrationality of human behaviour are all encapsulated in the multiple realities of my substantive theory, thus showing that People Management in SMEs is partly rational, planned, intended and at the same time also irrational, unplanned, unintended; hence emerging.

That my theory retains the unmistakable interpretivist and social constructionist identity is evidenced by how I evoked semantics and constructed mental images and being rhetoric: to explicate what is going on here, from the SME owner managers' lived experiences about doing business and managing people. Consequently, my substantive theory is truly my interpretation of the people management phenomenon in the context of SMEs and its robustness lies in how it clearly specifies the experience, the perspective, the theoretical claim and the respective "*scope, depth power and relevance*", (Charmaz, 2006:148). Further, my substantive theory is also rigor in that it adequately analyzes the "*patterned relationships*" (Charmaz, 2006:196) and even goes a step further to propose conditions (Table 6.4 pages 229-231, Appendices H-O, pages 340-349), which through further research, promotes "*variable analysis*" (ibid). In addition, my theory attains its rigor from the robustness of my overall methodological design through which I soundly engaged with the topic and setting of the study drawing on 30 participants' narratives totally 42.35 hours in-depth interviews.

Further, my study generated numerous codes and several categories which, given further critical analysis resulted in key theoretical concepts. Importantly, these categories as Charmaz, (2006:197) instructs "*cover a wide range of empirical*



*observations*” and I systematically analyzed these categories via theoretical coding and memo writing, culminating in a logical reasoning and link between data, my argument and my interpretation. Given the diversity and reach of my categories, resonance for my study is quite high for these categories “*portray the fullness of the studied experience*”, (ibid). My thesis and its substantive theory also derive their rigor from the participants themselves, who have since affirmed its sense during the participants’ feedback and breakfast meeting held. The participants felt positively challenged with some acknowledging having to introspect with a view to relook at how and why they manage people in the manner they do. Overall, I have provided succinct methodical steps about how I conducted my study as well as giving evidence for all my interpretations and claims, thereby making it easier and scientific for academia to undertake independent replication studies about my argument in respect of the world of work and the relationships in it.

#### **8.4 Limitations**

Given that my study is exploratory and interpretivist, its results should be treated with caution for they are not deterministic, hence do not necessarily apply to all SMEs. However, considering the rigor of my study, these results casts useful insights to SMEs in similar situations. Further, my interpretations are based on participants’ self-reports and the entire study reflects our co-creation as we animated their lived experiences about doing business and managing people. Crucially, the study does not include empirical observations neither social constructions derived from engaging other key stakeholders for people management in SMEs such as employees.

However, this set up was by design, meant to understand people management from the point of view of the SME owner managers who are the chief architects of both business and people management in SMEs, (Lai et al., 2016; Marlow et al., 2010; Chin-Ju, 2010, Politis, 2005; Child, 1997). Nevertheless, I managed to get insights from a minister of religion as well as a professional human resource consultant. This consultant is a participant SME owner manager who gives very interesting dichotomous views when they speak first with their owner manager hat and secondly with their people management consultant hat. Importantly, views from this professional people management consultancy perspective as well as from the spirituality perspective

provides some notable corroboration and divergency to my study, thus further enhancing its rigor.

### **8.5 Agenda For Future Research**

Given the above findings and conclusions I make the following recommendations:

- In respect of Research Objective1: Owner managers shared and disparate views about people management, there is need for more studies that adopt contextualized methodologies to explore the owner managers' point of view to avoid coming up with atypical and acontextual understanding of people management in SMEs.
- With regards to Research Objective 2: Conceptualization of people management, there is need for further studies that explore and test the various social construction realms proffered by this study (e.g. self-identity, career experience, own business experience) to improve our knowledge about how SME owner managers give meaning to people management.
- As for Research Objective 3 and 4: Theorizing how SME owner managers enact people management, there is need for further replication studies that test the Entrepreneurial Learning-End Goal Theory as well as the People Management Transitioning Framework here in provided to enhance our understanding about how SME owner managers enact people management and transition it.
- There is also need for further studies to explore the people management informality-formality blend to establish its configuration and the portfolio of key influential factors (Table 6.4, pages 229-231) can be a good starting point.
- Key influential factors for people management in SMEs (Table 6.4, pages 229-231) motivates further research to establish testable hypotheses that investigates driving factors for the different people management practices.

- My study has illuminated numerous mainline management theories (e.g. open systems, social exchange, upper echelons) and it seems that there is not a single main line management theory that can comprehensively explicate people management in SMEs. Therefore, this is a good research agenda to explore what mainline management theories can make a blend that better helps explain people management in SMEs.
- Entrepreneurial motivation featured prominently in how my participant SME owner managers set their goals, reassessed their self-identities. This is a good premise for future entrepreneurship research to explore the role of entrepreneurial motivation in entrepreneurial intentions.

Overall, my substantive theory remains what it is, that is, an exploratory constructivist theory generating new insights and provoking future research. In this regard, Charmaz' says this about our theories:

*"Whether we adhere to positivist or interpretive traditions, we do not gain an autonomous theory, albeit one amenable to modification. Rather we are part of our constructed theory and this theory reflects the vantage points inherent in our varied experiences, whether or not we are aware of them", (Charmaz, 2006:164)*

## **8.6 Personal Reflection**

My PhD has indeed, been a very long journey that commenced on the 28 September 2016 and ended officially on the 28 September 2019. Looking back, this has been a three-year pilgrimage of learning to do scientific research. Throughout this journey, I acquired tremendous knowledge such as critical thinking, academic writing, networking, strategic relationship management, strategic spacing and being creative. Importantly, I became a co-participant with my SME owner manager entrepreneurs and together re-created their lived experiences about doing business and managing people. In those in-depth interviews we had, I felt how they felt and could feel how they feel in respect of managing people. I observed and understood quite a lot about people management in SMEs not only through their narratives but also through their facial expressions and other forms of body language as well as through their choice of words

and phrases. Crucially, I understood that SME owner managers are not bystanders when it comes to people issues but approach these within the contours of their personal backgrounds: competencies, experiences, preferences, choices, aspirations, GIVMo Matrix, end-goals and self-identity. Importantly, through their end-goals, here-in, proxies of their self-identities, these owner managers exercise their human agency to influence the fostering, shaping, development, enactment and transitioning of their people management approach. Equally, crucial, is how through this unpredictable and arduous entrepreneurship journey, SME owner managers keep drawing on their entrepreneurial learning to acquire and generate diverse knowledge assets, with which to get to know how to manage people.

Consequently, when we place SME owner managers at the centre of our academic inquiry and explore their deep-seated personal motivations, self-identities, and GIVMo Matrix, the more we get educated about how and why they manage people in the manner they do. In addition, our understanding about people management in SMEs is further enhanced when we adopt a pluralist perspective both in terms of our usage of both positivist and interpretivist designs as well as in respect of our ideological thinking that employee and employer objectives are largely diverse. We also deepen our understanding by adopting a pluralist perspective in terms of our usage of interdisciplinary concepts such as entrepreneurial learning and HRM to explicate people management in SMEs. Given the above, truly, what a privilege it was for me to share in my SME owner managers' people management lived experiences and for me to reciprocate by giving them the voice in this study.

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## APPENDIX A: EVOLVING PRELIMINARY LINKEDIN INVITES

### Example 1:

Hi Jane, Its Charlie -2nd year PhD student at Manchester Metropolitan University. My study is on how business founders, SME owner managers & entrepreneurs go about doing their businesses. Am kindly requesting to connect with you, if you may. Thank you.

Thank you for accepting my request to connect with you. Being a second year PhD student, I wish to kindly request you to take part in my study in any way you can. Participating in the study commences as from January 2018 and I hold conversations with participants on their preferred dates. Please find attached a brief write up that explains my study. Feel free to email me on [charles.dahwa@stu.mmu.ac.uk](mailto:charles.dahwa@stu.mmu.ac.uk) for any clarifications.

### Example 2:

Hi Vanessa,

I am undertaking a PhD study at Manchester Metropolitan University in which entrepreneurs or business owner managers will reflect on what it is like to operate your own business. The format is 1-2 hrs face to face conversation during which such entrepreneurs will tell their stories. In this regard I am looking for such entrepreneurs who are operating mostly in Greater Manchester and employing a minimum of 4 workers whether part time/contractors or full time. After the face to face conversations, I shall invite participants to our university for a lunch and preliminary feedback of the study. Upon completion of this educational research participants will be given an electronic copy of the executive summary. Given the above information, I would like to find out whether you are operating your own business and if you may be in a position to assist me with my study by becoming a participant. I am already conducting these conversations with some entrepreneurs who have since come on board. I am ready to fit into your availability and learn from your entrepreneurial journey. For your response and more information please feel free to drop me an email and my address is: [charles.dahwa@stu.mmu.ac.uk](mailto:charles.dahwa@stu.mmu.ac.uk) , then I can send you further details. Feel free to share my request with any of your strategic networks you think may likely be interested in participating in this study. Thank you very much for your time and I am looking forward to your reply: fingers crossed that you may be in a position to assist me.

All the best in this new year!

Charlie,

## APPENDIX B: EMAIL & FLYER INVITES MESSAGE



Date: 21 November 2017

**Are you interested in retracing your business experience: what has It been like operating your business?**

There is a growing concern among key economic stakeholders (Government, Academia, Industry) to find better ways to capacitate small and medium enterprises (SMEs) making them more productive and profitable. This concern comes in the realization that SMEs are the key drivers for any given economy and here in Great Britain 99.9% are SMEs and these account for about 60% in private sector income and 47% employment creation. Key among the factors believed to play a role in the productivity of SMEs includes how SME Owner Managers go about learning and managing their workers as well as the various challenges they face in running their businesses. Given this background I am undertaking a PhD study that seeks to understand "What it is like to operate your own business". **Findings of this study will feed into Government policy on SMEs, improve strategic interventions by the private sector (e.g. Banks and Consultants) and indeed empower SME Owner Managers themselves through various capacity building programmes that shall draw on this study.**

### **Taking Part**

Participation is voluntary, and you should be an SME Owner Manager who among any other regions that you may have businesses also do business in Greater Manchester. You should have a minimum of one-year business experience and the number of your workers can range from 0 to 249. Each participant will have at most about 2 hours to tell their story and at the end all participants will be invited to either a breakfast meeting from 8.30am-11.30am **OR** a lunch meeting from 12.00pm-15.00pm at Manchester Metropolitan University (**refreshments provided**). **This breakfast/luncheon provides a platform for participants to obtain a preliminary feedback of the study and to network. In addition, participants shall benefit** from a keynote presentation on People Management in SMEs or any other relevant topic to be delivered by an invited guest. Upon completion of the study all participants shall receive a summary of the findings.

### **About The Researcher**

This research is being carried out by Charles Dahwa, who is a PhD student under full scholarship with Manchester Metropolitan University and his supervisors are Professor Ben Lupton(Tel: +44 (0)161 247 6460; Email: [b.lupton@mmu.ac.uk](mailto:b.lupton@mmu.ac.uk)) and Dr Valerie Antcliff (Tel: +44 (0)161 247 3829; Email: [v.antcliff@mmu.ac.uk](mailto:v.antcliff@mmu.ac.uk))

### **Invitation To Participate**

I wish to invite you should you be interested to participate in this study  
Thank you very much for your time and should you require further information please feel free to contact me on my details below.

Sincerely

**Charles**

Cell: +44 7513 628 662

Email: [charles.dahwa@stu.mmu.ac.uk](mailto:charles.dahwa@stu.mmu.ac.uk)

**PARTICIPANT INFORMATION SHEET**  
**TITLE OF PROJECT: UNDERSTANDING PEOPLE MANAGEMENT IN SMALL AND MEDIUM ENTERPRISES: AN ENTREPRENEURIAL LEARNING PERSPECTIVE**  
**NAME OF LEAD RESEARCHER: CHARLES DAHWA**

This is a Manchester Metropolitan University commissioned project under the Centre for Enterprise and Centre for People and Performance.

The purpose of the project is to explore how SME owner managers go about managing their workers and learning to do whatever they do as they operate their businesses.

Participants are SME Owner Managers drawn from mostly Greater Manchester and other UK regions each with at least one-year business experience and around 4 to 249 workers whether part time/contractors or fulltime and operating business in any economic sector.

Data gathering will take the form of storytelling for which each participant shall have a minimum of 1 hour and at most 2 hours to speak.

Story telling shall be audio taped to improve efficiency and effectiveness in data capturing and all participants are kindly requested for their consent

Participants are being invited to a two-hour meeting from 12pm-2pm on Tuesday 1 May 2018 to be held in Room 3.01, Business School at Manchester Metropolitan University.

The main purpose of this meeting is to give all participants some preliminary feedback of the study. Lunch shall be served from 12pm-12.30pm during which participants shall also network and then proceed to hear the preliminary feedback. Please block this date in your calendar.

The entire discussions, and any additional information provided, are for the sole purpose of the research project.

The transcript of this interview will be kept securely, for academic research purposes. Expected outputs from the project are a report, workshop, conference and seminar presentations and academic articles for journals.

The researcher takes the safety and privacy of all participants seriously and while everything has been and shall be done to prevent and or minimize harm/risk the researcher invites participants to discuss anything they may not be comfortable with before participating in this study.

Participants' responses shall be anonymized through use of imaginary names such as Participant A or SME Owner Manager 1

Upon completion of the study, participants shall be given an electronic copy of the study's executive summary.

The project is being supervised by Professor Ben Lupton (Tel: +44 (0)161 247 6460; Email: [b.lupton@mmu.ac.uk](mailto:b.lupton@mmu.ac.uk)) and Dr Valerie Antcliff (Tel: +44 (0)161 247 3829; Email: [v.antcliff@mmu.ac.uk](mailto:v.antcliff@mmu.ac.uk))

For any clarifications please feel free to contact the Lead Researcher Charles Dahwa on Email: [charles.dahwa@stu.mmu.ac.uk](mailto:charles.dahwa@stu.mmu.ac.uk) or Cell: +44 7513 628 662

Name of Researcher:.....Signature.....Date:.....

Name of Participant:.....Signature:.....Date:.....



## APPENDIX D: PRELIMINARY EMAIL QUESTIONS.

Thank you for agreeing to participate in my study. As preparatory for our appointment would you please kindly answer the following preliminary questions. Simply write your answer in front of each of these questions and you can highlight your answer in **BLUE FONT**. **After answering these questions simply send them to me by return email**

- 1). How many businesses or companies are you operating in Greater Manchester?
- 2) How many businesses / companies are you also operating outside Greater Manchester but still in UK?
- 3) How many businesses / companies are you also operating outside UK(International)?
- 4). State the economic sector for each business you have
- 5). State number of branches you have for each business or company
- 6). State number of workers you have for each business or company  
**Businesses in Greater Manchester**  
Name of Business  
  
Number of workers  
  
**Businesses outside Greater Manchester**  
Name of Business  
  
Number of workers  
  
**Businesses outside UK (International)**  
Name of Business  
  
Number of workers
- 7). State the total number of years of your business experience ever since you ventured into business
- 8). How many businesses have you started so far ever since you got into business even if some of these businesses are no longer operational?
- 9). Number of workers are always changing as some resign and due to recruitment. What is the largest number of workers have you employed so far in your career as an entrepreneur?

## APPENDIX E: CONSENT FORM



Date: 31 January 2018

Name: Charles Dahwa

Course: PhD

Department: Graduate School

Building: All Saints Business School

Manchester Metropolitan University:

Tel: +44 (0) 161 247 2000

### CONSENT FORM

**Title of Project: UNDERSTANDING PEOPLE MANAGEMENT IN SMALL AND MEDIUM ENTERPRISES: AN ENTREPRENEURIAL LEARNING PERSPECTIVE**

**Name of Researcher: CHARLES DAHWA**

Participant Identification Code for this project:

**Please initial box**

1. I confirm that I have read and understood the information sheet dated .....for the above project and have had the opportunity to ask questions about the discussion procedure. ☐
2. I understand that my participation is voluntary and that I am free to withdraw at any time without giving any reason to the named researcher. ☐
3. I understand that my responses will be sound recorded and used for analysis for this research project. ☐
4. I understand that my responses will remain anonymous. ☐
5. I volunteer to take part in the above research project. ☐
6. I understand that at my request a transcript of my interview can be made available to me. ☐

\_\_\_\_\_  
Name of Participant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Researcher

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

*To be signed and dated in presence of the participant*

*Once this has been signed, you shall be given a copy of your signed and dated consent form and participant information sheet.*

## **APPENDIX F: INTERVIEW GUIDE**

### **A. Initial Context Building Questions**

**Question 1:**

Briefly tell me about your personal background

**Question 2:**

What motivated you to get into business?

**Question 3:**

How many businesses are you currently operating and how did you start your very first business?

**Question 4:**

What is it like to operate your own business ever since you started?

### **B. Research Objective 1: Exploring world view of SME owner manager about PM**

**Question 1:**

At the time of thinking about getting into business, did you ever think about recruiting workers, if yes or no, why?

**Question 2:**

- i. What stage in your business did you first recruit workers and how did you recruit them?
- ii. Is this the same way you are still recruiting workers or would still recruit workers and if yes why?
- iii. If no, how do you now recruit or intend to recruit workers and why?

**Question 3:**

What comes to your mind when you think about workers and managing them?

**Question 4:**

What would you say are the key strengths for your business?

**Question 5:**

What would you say makes you stand out from among other SME owner managers?

**Question 6:**

Upon passing the job interview, prospective workers are always full of excitement and great expectation. What should your new worker expect to go through on their first day at work, first month and first year?

**Question 7:**

Given your vision and goals that you want to achieve in your business, what do you do to ensure that your workers effectively work towards fulfilling this vision and goals?

**Question 8:**

In the event of deviant behaviours from some of your workers, how do you address this challenge?

**Question 9:**

- i. How many staff members do you have right now?
- ii. Do you intend to recruit more workers in future and if yes or no why?
- iii. If the number of your workers were to increase continually would you manage them the same way as you have been doing or you will change? If yes or no, why?
- iv. If you change, how would you go about managing them?

**Question 10:**

How is the business environment (if at all) impacting on your general business operations and specifically on how you manage your workers?

**Question 11:**

How would you describe your way of managing workers?

**Question 12:**

Why do you prefer this way of managing your workers?

**Question 13:**

How exactly do you transform your ideas about workers and managing them into practice?

**C. Research Objective 3: Ascertaining the role of entrepreneurial learning in PM****Question 1:**

- i. What memorable moments stand out in your journey as an SME owner manager and why?
- ii. How has this influenced you and your business if at all

**Question 2:**

Looking back, how would you describe your experience as an employer? What has it been like?

**Question 3:**

Have you learnt any lessons along the way and if yes or no why?

**Question 4:**

What lessons have you learnt and in what ways (if at all) do they influence the way you manage your business and specifically your workers?

**Question 5:**

Are your workers learning from the same critical moments and other episodes of your business journey together with you?

- i. If yes, why are they also learning with you?
- ii. If no, why are they not learning with you?
- iii. In general, how can you know if your workers are learning together with you or not?

**Question 6:**

How do you ensure your workers are learning the same with you?

**Question 7:**

Do you often get stuck, not knowing what to do in your business if yes or no why?

**Question 8:**

When you do not know what to do, how do you proceed or resolve this challenge?

**Question 9:**

How do you ensure you and your workers keep learning and knowing?

**D. Closing Questions**

**Question 1:**

Are you a member of any professional body or business network and if yes or no, why?

**Question 2:**

What would you say has been the influence if any of your membership to these business networks to you and your business?

**Question 3:**

What advice would you give to a budding entrepreneur in as far as managing workers is concerned?

**Question 4:**

Going forward, how do you see your business in 5 or 10 years to come?

## **APPENDIX G: POP UP IDEAS**

### **PoP UP IDEAS MAY 2018**

#### **Pop UP IDEA 32**

**Date:** 02/05/2018

**Time:** 21:30pm

**Situation:** **Insights about saturation/sufficiency in data analysis**

1. Looks like there are three types of saturation: Issues Sufficiency, Category Sufficiency and Theory Sufficiency.
2. Issue Sufficiency occurring during the Issues Relationships Scan Analysis (IRSA). This is where narratives repeat themselves thoroughly-no new story coming out or repetition of same old story line and data.
3. Category Sufficiency occurs during the Themes Category Analysis (TCA): The initial and focused coding leading to identification of key categories /themes
4. Theoretical Concepts Sufficiency occurring during the Theory Generation Analysis via raising of several key categories into theoretical concepts and doing several theoretical permutations until there is sufficiently no other plausible way of explaining the data.

#### **PoP UP IDEA 33**

**Date:** 13/5/18

**Time:** 1:00 am

**Situation:** **Insight about understanding PM from the vantage point of SME owner managers**

1. I should use George (OM 7)'s direct quote "Eerh, it's trying to understand what makes people think and act the way they do" when he responded to the question of having to explaining his understanding about managing employees.
2. This is quite interesting because it confirms my methodology: seeking to understand what makes SME owner managers think about employees and manage them the way they do.

#### **PoP UP IDEA 24**

**Date:** 15 May 2018

**Time:** 12:30pm

**Situation:** **Insights about comparing PM in different sizes of SMEs**

1. I should look at why people management is different in differently sized SMEs. Is this because of the size of business or because of the owner manager's life objectives?

2. Why is Bobby, a veteran serial entrepreneur no longer wishing to have more fulltime employees while George who is also in the same strictly regulated financial services market under the Financial conduct authority preferring to continue increasing employees at least 1 per year and seeks to go even up to 50 being maximum?
3. Similarly, why is Doug, who is degreed just like George and Bobby and has a decade of experience just like Bobby and George not willing to grow beyond 4 employees who are not even fulltime and yet his market is just as lucrative and paying well?
4. I should continue reasoning along these lines?
5. The issue is this: Is it the size of the business or past experience that influences people management as some sections of extant literature implies or is it the owner managers' life objectives as encapsulated in the entrepreneurial business objectives, here in the raison detre' for being in business?
6. Further is there a difference in PM based on factors such as those who founded the business from scratch and those who bought the business taking over employees? What is the role of education, age and all other demographic factors?

#### **PoP UP IDEA 25**

**Date:** 21/5/18

**Time:** 17:00pm

**Situation:** Insight about being boss

Does desire to be a boss leads to higher recruitment so one can be boss over many?

## APPENDIX H: KEY TENETS FOR OUTSOURCE AND COLLABORATE TYPOLOGY

	Key Identifying Factors	Key Identifying Behaviour
1	End Goal	Survival, moderate prosperity and or sustainable retirement
2	Motivation	Forced: Mostly involuntary business entry
3	Risk-cost propensity	Very low: strong cost cutting objective.
4	Control & flexibility propensity	Very high propensity
5	Age of business entry	No effect or indiscriminate influence
6	Owner manager experience	Mostly being nascent or veteran with previous sour employee relations
7	Strategic Planning Effect	Absence of elaborate plan. Failed succession planning.
8	Employee Relations Effect	Prejudiced against employees given previous sour employee relations.
9	Attitude towards employment law	Mostly, very negative and very high intolerance
10	Attitude towards employees	Mostly, very negative: employees insignificant and hassling.
11	General understanding about people management	Outsourcing and Collaboration is the cost-effective way to manage people.
12	Recruitment Triggers	<ul style="list-style-type: none"> <li>i. Being overburdened</li> <li>ii. Deemed low value tasks</li> <li>iii. Need for strategic use of time and skills</li> <li>iv. Lack of skills and knowledge</li> <li>v. Going on holiday</li> <li>vi. New project/job</li> <li>vii. Customer specifications</li> </ul>
13	Recruitment	Vibrant long-term networking, building rapport and trust before recruiting.
14	Selection	Mostly based on personality, expertise, experience, professionalism, reputation, ethics, politics. Academic qualifications insignificant.
15	Employment Contract	Simple written agreement (e.g. quotation, order, invoice) to comprehensive lawyer written contracts. Type 1 and Type 2 contractor engagements: Type 1, experts with own brand working with owner managers. Type 2, contractors working for owner managers.
16	Deployment & Induction	Immediate deployment, no induction
17	Training & Development	No training and development
18	Performance Management	Type 1 contract: Self-monitoring, self-driven, self-regulating as equal professionals Type 2 contract: Limited owner manager supervision
19	Rewards & Compensation	Type 1 contract: As quoted on invoice Type 2 contract: As quoted on invoice plus minimal incentives (e.g. vouchers)
20	Work ethos & Relations	Type 1 contract: Peer-to-peer professional working exchanges. Mostly networking with each other holding adhoc meetings. Type 2 contract: collaborative working with owner manager as the senior. Regular meetings
21	Discipline & Termination	Mostly gives second chance before termination for general deviancy. Immediate termination for serious deviance, such as shoddy job



## APPENDIX I: KEY TENETS FOR LIFESTYLE TYPOLOGY

	Key Identifying Factors	Key Identifying Behaviour
1	End Goal	Survival, moderate prosperity and or sustainable retirement
2	Motivation	Both forced and attracted: voluntary and involuntary business entry
3	Risk-cost tolerance	Very low: strong cost cutting objective.
4	Independence: Control & flexibility	Very high propensity
5	Age of business entry	No effect or indiscriminate influence
6	Owner manager experience	No effect or indiscriminate influence
7	Strategic Planning Effect	Not crafting an elaborate people management plan.
8	Employee Relations Effect	Prejudiced against employees given previous sour employee relations.
9	Attitude towards employment law	Mostly, very negative and very high intolerance
10	Attitude towards employees	Mostly, very negative: employees insignificant and hassling.
11	General understanding about people management	Mostly doing work tasks alone and recruiting contractors iff only critical. Customers and other stakeholders only key people to manage
12	Recruitment Triggers	<ul style="list-style-type: none"> <li>i. Lacking skill or knowledge</li> <li>ii. Tasks deemed boring</li> <li>iii. Tasks deemed sucks energy</li> <li>iv. Tasks deemed time wasting</li> <li>v. Hiding key employee demands</li> <li>vi. New project</li> </ul>
13	Recruitment	Using social media and word of mouth
14	Selection	Mostly considering personality, expertise, experience. Academic qualifications insignificant.
15	Employment Contract	Simple written agreement (e.g. quotation, order, invoice). Engaging only Type 2 contractors when critical.
16	Deployment & Induction	Immediate deployment, no induction
17	Training & Development	No training and development
18	Performance Management	Micromanaging when control propensity is higher and empowering when flexibility propensity is much higher.
19	Rewards & Compensation	As quoted on invoice/agreed
20	Work ethos & Relations	Prioritizing mutual trust. Struggling to conduct regular meetings.
21	Discipline & Termination	Mostly gives second chance before termination for general deviancy. Immediate termination for serious deviance, such as shoddy job

## APPENDIX J: KEY TENETS FOR FAMILY LEGACY TYPOLOGY

	Key Identifying Factors	Key Identifying Behaviour
1	End Goal	Family heritage
2	Motivation	Being forced or attracted.
3	Risk-cost propensity	Very low
4	Independence: Control & flexibility	Very high propensity
5	Age of business entry	No effect or indiscriminate influence
6	Owner manager experience	As above
7	Strategic Planning Effect	As above
8	Employee Relations Effect	As above
9	Attitude towards employment law	Mostly very negative
10	Attitude towards employees	Mostly very negative. Employees are alien to family heritage
11	General understanding about people management	Mostly viable using family members
12	Recruitment Triggers	i. Family members in need ii. Friends in need
13	Recruitment	Use of social media. and word of mouth
14	Selection	Mostly prefers family and friends marginalizing outsiders
15	Employment Contract	Mirrors Collective Endeavour
16	Deployment & Induction	Immediate deployment, no induction
17	Training & Development	No training and development
18	Performance Management	Informal chats
19	Rewards & Compensation	Mostly favouring family members and friends.
20	Work ethos & Relations	As above
21	Discipline & Termination	As above.

## APPENDIX K: KEY TENETS FOR COLLECTIVE ENDEAVOUR TYPOLOGY

	Key Identifying Factors	Key Identifying Behaviour
1	End Goal	Mostly wealth
2	Motivation	Being attracted.
3	Risk-cost propensity	Very high.
4	Independence: Control & flexibility	Very high propensity
5	Age of business entry	No effect or indiscriminate influence
6	Owner manager experience	No effect or indiscriminate influence
7	Strategic Planning Effect	Moderate to high effect: Increases with number of employees
8	Employee Relations Effect	Very often adversely influenced by previous employee relations
9	Attitude towards employment law	Mostly, very negative
10	Attitude towards employees	Mostly, very positive: Employees crucial but problematic
11	General understanding about people management	Mostly treats employees as the most vital assets of the business.
12	Recruitment Triggers	<ul style="list-style-type: none"> <li>i. Lacking skill or knowledge</li> <li>ii. Becoming busy / workload</li> <li>iii. Business strategy</li> <li>iv. Recession and booms</li> <li>v. New business design</li> <li>vi. Non-performing employees</li> <li>vii. Information technology</li> <li>viii. Employee morale</li> <li>ix. New job tender</li> <li>x. Employee resignation and or promotion</li> <li>xi. Key employee demands</li> </ul>
13	Recruitment	Use of job descriptions. Advertisements. Job centres, Recruitment agents. Social networks. Word of mouth.
14	Selection	Moderate to comprehensive interviews (e.g. psychometric testing). Experience. Skill. Knowledge. Academic qualifications overlooked unless mandatory.
15	Employment Contract	Influenced by employment law.
16	Deployment & Induction	Moderate to comprehensive induction (e.g. inclusive of staff handbooks).
17	Training & Development	Mostly on the job. External training to either comply with regulation or boost brand image or exploit market opportunity.
18	Performance Management	Moderate to comprehensive (e.g. Meetings, robust performance appraisal).
19	Rewards & Compensation	As per industry margins and employment law dictates. Performance driven.
20	Work ethos & Relations	Prioritizes win-win social exchange and mutual trust.
21	Discipline & Termination	Mostly informal chats resorting to formal process when it becomes a crisis. Experts advice often ignored and or mostly engaged later.

## APPENDIX L: KEY TENETS FOR EMPLOYEE CORE TEAM TYPOLOGY

	Key Identifying Factors	Key Identifying Behaviour
1	End Goal	Moderate survival to wealth
2	Motivation	Mostly being attracted
3	Risk-cost tolerance	Very low: Strong cost cutting objective.
4	Independence: Control & Flexibility	Very high propensity
5	Age of business entry	No effect or indiscriminate influence
6	Owner manager experience	Often a key influence
7	Strategic Planning Effect	Often has an elaborate people management plan.
8	Employee Relations Effect	Often influenced by previous sour employee relations.
9	Attitude towards employment law	Mostly, very negative
10	Attitude towards employees	Mostly, very negative.
11	General understanding about people management	Mostly recruit just a handful employees and outsource rest of the work
12	Recruitment Triggers	<ul style="list-style-type: none"> <li>i. Lacking skill or knowledge</li> <li>ii. Business model</li> <li>iii. Strategic planning</li> <li>iv. New venture or project</li> </ul>
13	Recruitment	Use of social media, networks, job boards, occasional advertisements, word of mouth.
14	Selection	Mostly considering personality, expertise, experience. Academic qualifications overlooked
15	Employment Contract	Employees engaged just as under Collective Endeavour. Contractors recruited just as under Outsource & Collaborate
16	Deployment & Induction	Nil to moderate induction. Mostly immediate deployment
17	Training & Development	Mostly no training and development, except where mandatory
18	Performance Management	Mostly mirrors Collective Endeavour fir employees and Outsource and Collaborate for contractors
19	Rewards & Compensation	As above
20	Work ethos & Relations	As above. Mostly keeps close personal relationships with a handful employees.
21	Discipline & Termination	As above

## APPENDIX M: KEY TENETS FOR SOCIAL RESPONSIBILITY TYPOLOGY

	Key Identifying Factors	Key Identifying Behaviour
1	End Goal	Difference making
2	Motivation	Attracted (pull)
3	Risk-cost propensity	High
4	Independence: Control & flexibility	Very high propensity
5	Age of business entry	No effect or indiscriminate influence
6	Owner manager experience	No effect or indiscriminate influence
7	Strategic Planning Effect	Mirrors the Collective Endeavor typology
8	Employee Relations Effect	Mostly pro-employees
9	Attitude towards employment law	Moderate negativity. Feels more can be done to protect employees
10	Attitude towards employees	Mostly pro-employees
11	General understanding about people management	Employers should stop the rhetoric of 'employees are the most vital assets' and yet exploit them. There should be more employee empowerment and involvement and equitable rewards and compensation.
12	Recruitment Triggers	i. Community impoverishment ii. Environmental degradation
13	Recruitment	Mostly mirrors Collective Endeavour Typology but with aspects of bias towards preferred community
14	Selection	As above
15	Employment Contract	As above and guidance by employment law
16	Deployment & Induction	Mostly mirrors Collective Endeavour typology
17	Training & Development	As above
18	Performance Management	As above
19	Rewards & Compensation	As above
20	Work ethos & Relations	As above
21	Discipline & Termination	As above

## APPENDIX N: KEY TENETS FOR SPIRITUALITY LEGACY TYPOLOGY

	Key Identifying Factors	Key Identifying Behaviour
1	End Goal	Either survival or wealth
2	Motivation	Either forced or attracted.
3	Risk-cost propensity	High to very high
4	Independence: Control & flexibility	Very high propensity
5	Age of business entry	No effect or indiscriminate influence
6	Owner manager experience	No effect or indiscriminate influence
7	Strategic Planning Effect	Mirrors Collective Endeavour Typology
8	Employee Relations Effect	As above
9	Attitude towards employment law	As above
10	Attitude towards employees	As above
11	General understanding about people management	As above. In addition, employers should know employees are God's creation and it is a privilege to own a business and manage them. Therefore, they should show God's love through their employee relations.
12	Recruitment Triggers	<ul style="list-style-type: none"> <li>i. Mirrors Collective Endeavour Typology</li> <li>ii. Preferred community in need</li> <li>iii. Members of the spiritual organization in need</li> </ul>
13	Recruitment	Mirrors the Collective Endeavour Typology. In addition, some bias towards members of preferred community or spiritual organization.
14	Selection	As above
15	Employment Contract	Mirrors the Collective Endeavour Typology
16	Deployment & Induction	As above
17	Training & Development	As above
18	Performance Management	As above
19	Rewards & Compensation	As above
20	Work ethos & Relations	As above. In addition, dominant spirituality practices such as caring, love, patience, forgiveness.
21	Discipline & Termination	As above. Finds disciplinary quite challenging owing to vested spirituality loyalties.

## APPENDIX O: OWNER MANAGERS' END-GOAL-PEOPLE MANAGEMENT MATRIX A

Owner Manager	Entrepreneurial Motivation	Business Entry	Initial End Goals	New End Goal	People Management Typology
Austin	Pull	Sponsored by father whilst in last 4 <sup>th</sup> year Bus Admin Degree	Independence Survival Compensate Past struggles	Wealth Making Difference in future. Offer free venture incubation centre, coaching and mentorship to budding entrepreneurs	Lifestyle
Frank	Pull	Voluntary Retrenchment	Independence Wealth	Making Difference: Charity work to benefit visually impaired people  Upscaling into large enterprise in future	Lifestyle  Prefers Collective Endeavour in future recruiting as many employees as possible.
Anzhelika	Pull	Resignation	Independence Wealth		Lifestyle  Prefers Employee Core Team in future: just handful employees and rest outsource.
Erick	Push	Involuntary Retrenchment	Survival	Sustainable Retirement	Lifestyle  Hopes to go for Outsource & Collaborate in future.
Kane	Push	Forced by his father to get involved in the family business	Survival	Independence	Lifestyle  Prefers to remain Lifestyler working alone.
Doug	Push	Involuntary Retrenchment	Survival	Independence	Outsource & Collaborate  Prefers not to change
Lorraine	Push	Involuntary Retrenchment	Survival	Independence	Lifestyle  Supplements with Outsource & Collaborate
Lucy	Push	Voluntary Early Retirement	Survival	Independence	Outsource & Collaborate
Letticia	Push	Involuntary Retrenchment	Survival	Independence	Lifestyle-cum Outsource & Collaborate

## APPENDIX O: OWNER MANAGERS' END-GOAL-PEOPLE MANAGEMENT MATRIX B

Owner Manager	Entrepreneurial Motivation	Business Entry	Initial End Goals	New End Goal	People Management Typology
Luke	Pull	Resignation	Independence Albeit acknowledges lacking clarity and conviction of why in business	Sustainable Retirement	Lifestyle to Outsource and Collaborate to Collective Endeavour and back to Lifestyle-cum Outsource & Collaborate
Liang	Push	Resignation	Independence	survival	Outsource & Collaborate  Prefers not to changes
Alberto	Push	Retrenchment	Survival	Independence	Lifestyle -cum Outsource & Collaborate  Vows not to change
Craig	Push	Resignation	Independent Lifestyle	Survival  Sustainable Retirement	Lifestyle.  Just transforming into Outsource & Collaborate
Isaac	Push	Resignation	Independent Wealth	Survival Difference Making- Enhancing lives of visually impaired people	Lifestyle for 1 <sup>st</sup> venture-ICT  Looming Collective & Endeavour for 2 <sup>nd</sup> venture- Manufacturing
Bobby	Pull	Independence Wealth  Dominant Spirituality Difference Making	Sustainable Retirement	Sustainable retirement  Moderate Spirituality Difference Making	Lifestyle to Outsource & Collaborate to Employee Core Team-to Collective Endeavour to Spirituality Legacy and back to Employee Core Team:  A veteran serial entrepreneur who has used diverse people management typologies  Thinking about retirement & currently planning to go back to Outsource & Collaborate and naturally back to Lifestyle as
Petkar	Pull	Resignation	Independence Wealth		Employee Core Team
Peter	Pull	Resignation	Independence Wealth		Collective Endeavour
Densel	Pull	Resignation	Independence Wealth		Outsource & Collaborate cum Collective Endeavour



## APPENDIX O: OWNER MANAGER'S END-GOAL-PEOPLE MANAGEMENT MATRIX C

Owner Manager	Entrepreneurial Motivation	Business Entry	Initial End Goals	New End Goal	People Management Typology
Donald	Pull	Being senior employee. Acquisition from employer	Independence Wealth	Greater Wealth- upscale and acquire new ventures	Outsource & Collaborate in 2 <sup>nd</sup> venture  Collective Endeavour in 1 <sup>st</sup> venture
Demetrieve	Pull	Resignation	Independence Wealth	Sustainable Retirement	Collective Endeavour
Sasha				Sustainable Retirement	Recruiting employees for 2 <sup>nd</sup> venture. Contractors for 1 <sup>st</sup> venture
Emeka	Push	Resignation	Independence Be with family	Wealth Difference Making	Outsource & Collaborate Collective Endeavour
Harold	Pull	Resignation	Independence Wealth	Sustainable Retirement	Lifestyle to Outsource & Collaborate plus Collective Endeavour
George	Push	Forced takeover of firm from senior partner given adverse legal implications	Survival		Collective Endeavour
Shawn	Pull	Resignation	Wealth	Difference Making- sports charity to benefit youth	Lifestyle to Outsource & Collaborate to Collective Endeavour
Henry	Pull	Resignation	Wealth	Sustainable retirement Family legacy	Lifestyle to Outsource & Collaborate to Collective Endeavour plus Outsource & Collaborate
Phillip	Pull	Resignation	Wealth Spirituality Legacy	Family Legacy Difference Making-charity work in community and church	Lifestyle to Collective Endeavour
Elijah	Pull	Fixed Contract Ended. Had options to secure other employment but opted to start own venture	Moderate wealth Difference Making Social Responsibility		Social Responsibility
Batista	Push	Father in law passed on. Forced to take over	Family Legacy		Family Legacy

## **APPENDIX P INTERVENTION FRAMEOWRK FOR MANGING PEOPLE (IFMaP)**

To intervene and capacitate SME owner managers in respect of people issues in SMEs, the following questions can be helpful, thus:

1. Know the specific life stage the SME owner manager is currently traversing.
2. Explore the entrepreneurial learning ways that the SME owner manager is using.
3. Ascertain the SME owner manager's people management understanding and their attitude towards it including establishing their preferred social construction realms for generating their HRM understanding.
4. Establish the SME owner manager's perceived competence towards people management.
5. Explore the SME owner manager's knowledge assets bank (skills, theoretical and experiential knowledge, experience tenure) and especially in respect with people management.
6. Ascertain knowledge assets gap.
7. Determine SME owner manager's preferred people management typology.
8. Establish SME owner manager's inclination towards formality and informality in respect of strategy formulation and execution.
9. Explore SME owner manager's entrepreneurial motivation, entrepreneurial goals, entrepreneurial intentions, personal values, end-goals and self-identity mapping.
10. Given all the above, recommend and or institute relevant people management interventions that are underpinned by entrepreneurial learning, which is the prime enabler of skills and knowledge acquisition, while hinging on end-goals and self-identity as the major driving stimuli.

### APPENDIX Q: SME Owner Manager Demographic Profile: Batch One

	Anzhelika	Frank	Peter	Eliah	George	Harold
<b>Business Experience</b>	0	1	9	10	24	25
<b>Age</b>	40	32	39	67	55	67
<b>Age Entry into Business</b>	38	31	30	40	35	14/40
<b>Motivation Push or Pull</b>	Pull	Pull	Pull	Pull	Push	Pull
<b>Highest Education</b>	Masters	Bachelor	Bachelor	Bachelor	Bachelor	O Level
<b>Working Experience Years</b>	13	9	6	19	18	20
<b>Previous Employer Size</b>	2 Large, 1 small	2 Large	2	3 Small	3 Large, 1 Small	3 Large, 1 Small
<b>No of Past Businesses</b>	0	0	Small	0	1	8
<b>No of Current Businesses</b>	1	1	1	1	1	2
<b>Staff</b>	0*1	0*2	18*3 Employees	0	14 Employees	8 Employees, 2 Contractors
<b>No of Staff Managed At Once To Date</b>	≈ 0	≈ 3	≈ 18	≈ 5	≈ 20	≈ 20
<b>Nature of Business</b>	Health	Optometry	Higher Education	Automotive	Insurance	Real Estate & Business networking
<b>Firm Size</b>	Micro	Micro	Small	Micro	Small	Small

### APPENDIX Q: SME Owner Manager Demographic Profile: Batch Two

	Phillip	Henry	Erick	Austin	Isaac	Kane
<b>Business Experience</b>	25	26	11	1	12	50
<b>Age</b>	55	67	67	28	53	75
<b>Age Entry into Business</b>	20/35	59	45	27	33	25/54
<b>Motivation Push or Pull</b>	Pull	Pull	Push	Pull	Push	Push
<b>Highest Education</b>	Master	PhD	Masters	Bachelor	Bachelor	Failed O Level
<b>Working Experience Years</b>	12	22	21	20	21	5
<b>Previous Employer Size</b>	1 Large, 1 Small	5 Large	4 Large	1 Small	2 Large, 4 Small, 2 Micro	1 Small
<b>No of Past Businesses</b>	1	1	1	0	2	1
<b>No of Current Businesses</b>	1	1	1	1	2	1
<b>Staff</b>	42 Employees	56 Employees ≈50 Contractors	0	0	0 5/2*5	15*7 /0
<b>No of Staff Managed At Once To Date</b>	≈ 50	≈ 150	≈ 10*4 / 1	≈ 0	≈ 10	≈ 20
<b>Nature of Business</b>	Manufacturing	Construction	Business Consultancy	Cosmetics	Information Technology & Manufacturing	Exhibition
<b>Firm Size</b>	Small	Medium	Micro	Micro	Micro	Micro

### APPENDIX Q: SME Owner Manager Demographic Profile: Batch Three

	<b>Doug</b>	<b>Craig</b>	<b>Bobby</b>	<b>Densel</b>	<b>Emeka</b>	<b>Petkar</b>
<b>Business Experience</b>	15	20	23	3	8	8
<b>Age</b>	53	44	55	43	48	39
<b>Age Entry into Business</b>	43	34	28	38	30	31
<b>Motivation Push or Pull</b>	Push	Pull	Pull	Pull	Pull	Pull
<b>Highest Education</b>	Bachelor	Bachelor	PhD	Masters	Masters	Masters
<b>Working Experience Years</b>	15	10	13	15	16	8
<b>Previous Employer Size</b>	1 Large	3 Large, 2 Small	3 Large, 1 Small	1 Large, 4 Small	3 Large	4 Small
<b>No of Past Businesses</b>	5	1	15	0	0	0
<b>No of Current Businesses</b>	1	1	1	1	2	1
<b>Staff</b>	4 Contractors	1 contractor	27*6 3 Employees, 12 Contractors	1 Employee	14 Employees	6 Employees
<b>No of Staff Managed At Once To Date</b>	≈ 6	1≈	≈ 42	≈ 2	≈ 20	≈ 10
<b>Nature of Business</b>	Property Regeneration	Business Consultancy	Wealth Management	Information Technology	Telecom & Business Consultancy	Information Technology
<b>Firm Size</b>	Micro	Micro	Small	Micro	Small	Micro

## APPENDIX Q: SME Owner Manager Demographic Profile: Batch Four

	Donald	Demetrieve	Shawn	Sasha	Lorraine	Andy
<b>Business Experience</b>	9	25	19	20	4	6
<b>Age</b>	37	58	52	43	58	47
<b>Age Entry into Business</b>	23	33	33	25	54	41
<b>Motivation Push or Pull</b>	Pull	Pull	Pull	Pull	Push	Pull
<b>Highest Education</b>	O Level	Bachelor	O Level	Bachelor	Diploma	Bachelor
<b>Working Experience Years</b>	13	8	15	7	17	16
<b>Previous Employer Size</b>	1 Small	1 Large, 1 Small	1 Large, 3 Small	1 Large, 4 Small	1 Large, 2 Small	3 Large 3 Small
<b>No of Past Businesses</b>	0	1	0	0	0	0
<b>No of Current Businesses</b>	1	1	3	3	1	0
<b>Staff</b>	35 Employees	8 Employees	25 Employees	11	2 Contractors	0
<b>No of Staff Managed At Once To Date</b>	≈ 40	≈ 12	≈ 40	≈ 50	≈ 4	0
<b>Nature of Business</b>	Child Care	Architecture	Recruitment & Sports & Apprenticeship Training	Creative Art & Restaurant & Hair Beauty	Accounting	Christian Business Networking
<b>Firm Size</b>	Small	Micro	Small	Small	Micro	Micro

## APPENDIX Q: SME Owner Manager Demographic Profile: Batch Five

	Luke	Liang	Lucy	Letticia	Batista	Alberto
<b>Business Experience</b>	30	2	5	9	26	16
<b>Age</b>	69	35	52	47	54	47
<b>Age Entry into Business</b>	39	33	47	38	28	27/31
<b>Motivation Push or Pull</b>	Pull	Push	Push	Push	Pull	Push
<b>Highest Education</b>	PhD	O Level	A Level	Diploma	O Level	Failed O Level
<b>Working Experience Years</b>	14	18	22	20	8	13
<b>Previous Employer Size</b>	2 Large	2 Large, 4 Small, 1 Micro	3 Large, 1 Small	1 Large 4 Small	1 Large, 1 Small, 1 Micro	
<b>No of Past Businesses</b>	0	0	0	0	0	1
<b>No of Current Businesses</b>	1	1	2	1	1	1
<b>Staff</b>	18* <sup>8</sup> / 0 Employees 3 Contractors	30 Contractors	3 Contractors	0	10 Employees	8* <sup>9</sup> /0 Employees 30 Contractors
<b>No of Staff Managed At Once To Date</b>	≈ 18	≈ 50	≈ 10	≈ 100*	≈ 10	≈ 50
<b>Nature of Business</b>	Business Coaching	Event Management & Wellbeing & Beauty	Marketing & Business Networking	Human Resource Consultancy	Automotive	Social Networking
<b>Firm Size</b>	Micro	Small	Micro	Micro	Small	Small

Note<sup>1</sup>: Anzhelika has an informal labour arrangement in which she gets assisted by her close friend whom she has given the role of events and communications manager as well as the vice president. She contemplates giving him some shares in future if he remains loyal.

Note<sup>2</sup>: Frank has an informal labour arrangement in which he gets some work done by his wife who is permanently employed elsewhere as a qualified accountant. In his last career as a senior manager, Frank had about three people reporting to him.

Note<sup>3</sup>: Peter has five employees in Manchester and 13 in Asia

Note<sup>4</sup>: Eliah once recruited about five part time contractors but later stopped owing to income constraints.

Note<sup>5</sup>: Erick had about 10 employees reporting to him during his career as a senior executive in large enterprise. Further he once recruited a part time personal assistant and terminated the contract owing to unsustainable income streams.

Note<sup>6</sup>: Isaac has informal labour arrangement in which he gets work done by his wife and his close friend. This friend is Isaac's business partner in his second new manufacturing venture. Previously Isaac had five employees in his first software

business but now has zero in the relaunched software business, reason being employees are hassling.

Note<sup>7</sup>: Bobby previously had up to 27 employees in his longest venture of 17 years and has since scaled down to only three owing to previous sour employee relations.

Note<sup>8</sup>: Kane once had 15 employees whom he inherited when he took over the family business after his father died. He later gradually reduced employee size till it was only him and a close senior employee-friend. He deems employees are hassling and he eventually sold the family business.

Note<sup>9</sup>: Luke once had 18 employees in his consulting business but owing to lack of long-term people management and succession planning, he gradually lost all employees including his own son. He now operates with only three 3 contractors.

Note<sup>10</sup>: Alberto once had eight employees in his first venture but cites employees are hassling, hence he closed his printing business. He stayed out of entrepreneurship for some years then made a comeback starting his current venture in which he works with 30 contractors.